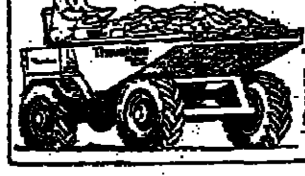
FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,110 Wednesday March 5 1980 ***20p



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NEWS SUMMARY

GENERAL

Israeli Cabinet clash on UN vote

President Carter's abrupt attempt to explain away a U.S. vote in the UN last weekend, condemning Israel's Jewish settlements on occupied Arab land in the West Bank, came under fire from Israel, the Arab world and from presidential rivals.

Israeli Ministers clashed in Cabinet over whether to order a fresh round of Jewish settlement in Arab Hebron as a mark of defiance against the U.S., but deferred decision.

The official explanation for the U.S. vote is that there was a breakdown in communications between the White House and the State Department, but in Washington observers believe this was a pretext to allow President Carter to back-track.

Yesterday, during the Massachusetts primary, Kennedy campaign spokesmen called the explanation "incredible double-talk." Page 5

Explosion deaths

Government experts sought the cause of a massive explosion which killed two men at Imperial Metal Industries' top-secret rocket fuel plant at Summerfield, Kidderminster.

Van attacks drop

Attacks on security vans in London dropped by 20 per cent last year and the amount of money stolen from them dropped by 42 per cent.

Student protest

City of London Polytechnic students protesting against increased fees for overseas colleagues plan to demonstrate *during the Queen's visit to the* City tomorrow, when she is to attend a service at St. Botolph's Church, Aldgate.

Death chamber

A Nigerian police van turned into a death chamber when 47 of 68 passengers suffocated en route from a Lagos court to prison. They had been *arrested* during raids on destitutes.

Tory accusation

The Government was accused by the Right-wing Tory Selsdon Group of failing to fulfil its election mandate by not really cutting back public spending. **Page 12**

Royal second

Prince Charles rode Long Wharf to second place in the Madhatters Private Sweepstakes at Plumpton. The winner was 14-1 outsider Classified, ridden by BBC commentator Derek Thompson.

Channel trains

The Channel Tunnel's first trains could be in operation by 1988, British Rail chairman Sir Peter Parker said.

Olympic delay

British Olympic Association said its intention was to send a team to the Moscow Games but that it would defer replying to the invitation until the National Olympic Committee's meeting on March 25.

Recovering

Safety conscious flooring worker Derek Woolley felt faint while watching a safety at work film at Leed's Dunlop Semtex plant. He stepped out for fresh air, fell, and gashed his head. He is recovering.

Briefly . . .

President Tito's condition has improved for the first time in 12 days but remains grave.

Six City of London policemen were bailed until April 29 at Mansion House on theft charges.

BUSINESS

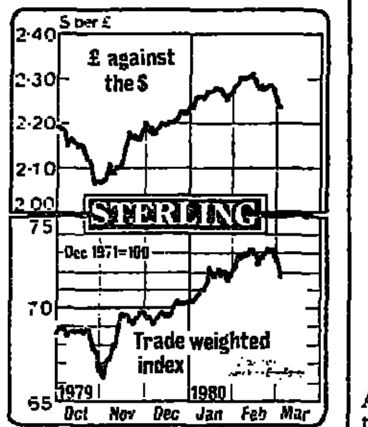
Equities fall 7.4; Gilts weaker

● **EQUITIES were hit by profit-*taking in secondary oils*, and the FT 30-share index closed 7.4 down at 456.1.**

● **GILTS sustained falls of up to 1¾ in longs and ½ in shorts on concern over upward pressures on world interest rates. The FT Government Securities index closed 0.84 down at 63.96.**

● **DOLLAR remained firm and was prevented from further appreciation by central bank intervention. It rose to DM 1.7900 (DM 1.7830) and to SwFr 1.7180 (SwFr 1.7140), its best level since last June. Its index was unchanged at 86.6.**

● **STERLING closed at $2.2370 in London, a fall of 50 points, after slipping sharply in late trading to a low of $2.2220. Its index fell to 71.7 (72.6).**



● **GOLD closed unchanged in London at $637½ in generally quiet trading.**

● **WALL STREET was 3.50 lower at 850.85 before the close.**

● **SAUDI ARABIA** *is not* willing to sell oil to increase the U.S. stockpile, according to Oil Minister Sheikh Yamani. **Back Page**

● **GAS** *pipeline network for the North Sea cosing betwen £1.1bn and £1.5bn is to be proposed in a report to the Government from a British Gas Corporation and Mobil study team.* **Back Page**

● **ONE** major clearing bank is considering introducing a scheme to pay interest on current account bank deposits, following criticisms of increased bank profits. **Back page: Bank profits, Page 16**

● **BL** Cars raised its production *forecast for the Bounty*, the model designed by Honda of Japan, by 20,000 to 80,000 a year. **Motor industry conference, Page 25; Longbridge changes, Page 9**

● **LONRHO** suffered another setback in its £100m legal battle over alleged Rhodesian oil sanctions-busting when a High Court judged ruled that documents produced by Shell and BP for the Bingham inquiry were covered by Crown privilege. **Page 11**

LABOUR

● **POSSIBILITY** of mediation in the nine-week steel strike was discussed by leaders of all 13 unions recognised by the *British Steel Corporation*. **Back and Page 12**

● **YORKSHIRE** miners are supporting a claim to increase minimum basic pay rates by 40 per cent which has the approval of their area council of the NUM. **Page 12**

COMPANIES

● **UNILEVER** reports combined fourth-quarter pre-tax profits for 1979 up from £63m to £85.9m, giving a year total of £313.4m (£272.8m). **Page 18 and Lex, *Back Page***

● **GRINDLAYS** Bank, 51 per cent owned by Grindlays Holdings, reports a net profit of £18.78m for 1979 compared with £22.64m previously. **Page 18 and Lex, Back page**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Channel Tunnel	125	+ 8
Cocksedge	55	+ 10
Stanhope General	215	+ 15
FALLS		
Excheq. 12¼pc '85	£91⅞	− 1
Treas. 14pc '98-01	£96¾	− 1¼
BAT Inds.	238	− 7
Barlow Rand	443	− 14
Cantors A	50	− 13
Diploma Invs.	450	− 28
Electronic Rentals	109	− 6
Fisons	283	− 9
GEC	371	− 6
Glaxo	246	− 8
Haslemere Estates	300	− 12
ICI	390	− 6
Intnl. Thomson	470	− 17
Ladbroke	142	− 8
Land Securities	295	− 10
Lister	63	− 5
MEPC	201	− 11
Pilkington	226	− 9
Royal Insurance	335	− 7
Standard Chartered	483	− 12
Stocklake	77	− 5
Turner and Newall	125	− 5
Unilever	434	− 8
Whitbread A	139	− 4
Burmah Oil	234	− 13
Cambridge Petrol.	285	− 33
LASMO	502	− 23
Siebens (UK)	864	− 54
Castlefield (Klang)	500	− 13
Cons. Gold Fields.	518	− 14
Conzinc Riotinto of *Australia*	296	− 18
East Rand Prop.	£13¼	− 1
Falcon	620	− 50
MTD Mangula	115	− 15
Rhodesian Crpn.	34	− 6
Wankie Colliery	54	− 6
Zambia Copper	47	− 4

Gen. Walls asked to preside over integration of armies

Mugabe pledges broad regime

BY BRIDGET BLOOM AND MICHAEL HOLMAN IN SALISBURY

MR. ROBERT MUGABE, *the* Rhodesian Prime Minister-designate, broadcast a national appeal last night for reconciliation and pledged that he would form a broadly-based Government following his massive victory in the country's independence election.

After being invited by Lord Soames, the Governor, to form a Government, Mr. Mugabe, *the* Patriotic Front guerrilla leader who returned from five years' exile only five weeks ago, made a series of announcements during the day.

● Gen. Peter Walls, army commander under the Smith and Muzorewa regimes, has been asked to preside over the integration of the country's *three armies*.

● Mr. Joshua Nkomo, the other Patriotic Front leader, and possibly one or two whites are to be invited to join the Government.

● The business community was told there would be no early nationalisation.

● The whites were reassured that Civil Service pension rights, and property rights, would be respected.

Rhodesia remained calm yesterday after the morning's announcement that Mr. Mugabe had won 57 of the 80 black seats.

A further 20 were won by the party led by Mr. Joshua Nkomo, who with Mr. Mugabe negotiated the Lancaster House agreements in London.

White Rhodesians were stunned as they learned that the two men, whose armies had waged the seven-year guerrilla war, had between them almost totally eclipsed Bishop Abel *Muzorewa the outgoing Prime* Minister. His United African National Council won only three seats.

Mr. Mugabe's election is the culmination of a major initiative by Britain to end the Rhodesian conflict, which began when Mr. Ian Smith made a unilateral declaration of independence in 1965.

In his broadcast Mr. Mugabe proclaimed a message of reconciliation to the defeated African political parties and to the 230,000-strong white minority, calling on all Rhodesians to "be united in our endeavour to *lead the country to independence.*"

The most dramatic, and potentially the most stabilising, announcement from Mr. Mugabe was that he had asked Gen. Walls, "working in conjunction with the ZANLA and ZIPRA army commanders," to preside over integration of the three armies.

"*The need for peace demands* that our forces be integrated as soon as possible so we can emerge with a single national army," Mr. Mugabe said.

He added: "We shall also happily continue to enjoy the assistance of British military instructors."

More than 60 British officers and men are remaining in Rhodesia, mostly in a training role, following withdrawal of the 1,300-strong Commonwealth election monitoring force.

Mr. Mugabe called for Rhodesians to "exercise patience" as his Government strove to bring about "meaningful change," which could not occur overnight.

In a move clearly designed to reassure the powerful white establishment, he pledged that Civil Service pension rights would not be interfered with, and property rights would be respected.

At a press conference earlier in the day he reinforced his appeal for reconciliation with an assurance to the business community on nationalisation.

"As far as we are concerned, we have stated quite clearly that we are not going to interfere with private property, whether this be farms or the *mining sector* or the industrial sector.

"We recognise that the economic structure of this country is based on capitalism, and that whatever ideas we have, we must build on that. Modifications can only take place in a gradual way."

Mr. Mugabe tried to set at rest South African fears at the implications of his victory. The Republic was a "geographical and historical reality," he said, "And our reality is that we must coexist with South Africa."

Relations would be conducted on the "basis of a mutual recognition of the differences which exist between us."

Rhodesia under his Government *would not interfere in* South Africa's internal affairs, and would expect South Africa likewise to respect the new Zimbabwe's sovereignty.

Within an hour of the dec-

Continued on Back Page

SHARES AND BONDS STAGE RECOVERY

The Rhodesian election result led to a ragged retreat on the London markets yesterday in the prices of the country's bonds and of shares of UK companies involved there, but there was a general recovery by the close of business.

Rhodesian mining stocks like Wankie Colliery and Coronation also turned lower and concern about the possible attitude of the new government discouraged buyers of South African gold and financial shares.

Some of the *sharpest initial* declines yesterday were suffered by Rhodesian government bonds, which have been active recently on hopes of an early repayment of arrears owed to the estimated 15,000 UK holders.

The most widely held bond, the Southern Rhodesia 2½ per *cent 1965-70*, dropped by over £10 at one time, later moving back to £120 to show no change on the day.

The share prices of companies with major *Rhodesian* operations, such as Turner and Newall, Lonrho, Mitchell Cotts, and Dunlop, also ended the day at or not too far below previous levels.

On BBC radio yesterday, Mr. Edward du Cann, a Lonrho director and Conservative MP for Taunton, took a mildly optimistic line, saying that "business as usual" would be the right slogan for the new Rhodesian Government.

"I would think as a matter of common sense that the prospects for business, the prospects for investments, the prospects for prosperity ought to be good, he said.

Details and reaction Page 4 ● Editorial comment Page 16 ● Cautious Conservative welcome Back and Page 12

Pressure on bank lending rates

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER rise in UK short-term interest rates yesterday will almost certainly force the Government to consider further substantial assistance to the banks and money markets if an increase in the cost of overdrafts is to be avoided.

Seven-day interbank rates—a key influence on the interest paid on the clearing banks' funds—last night rose to 18¾ per cent, more than a point higher than at the beginning of last week. At this level it is increasingly attractive for top-quality customers to borrow from the clearers and to re-lend to the market at a profit.

If this process, known as round-tripping, develops on a large scale, the clearing banks will be forced to consider raising lending rates from the present 17 per cent. A number of U.S. banks in London have already increased their sterling base rates to 17¼ per cent.

The clearers have so far *been very reluctant to change* their rates at a time when record rises in profits are being announced. But this attitude is being severely tested.

Similarly, the Government has been anxious to avoid any change in rates, partly because officials believe there is insufficient evidence available yet—with the February banking figures due next Tuesday—to suggest there has been a change in the underlying demand for credit.

Sir Geoffrey Howe, the Chancellor, has also urged that it would be wrong for interest rates to take the whole burden of monetary policy only three weeks before the Budget.

The authorities will shortly have to decide whether to allow market pressures to work through and push up the clearers' interest rates or to continue to intervene to hold *down rates in face of what, it* is hoped, are temporary pressures. A further complication is the rise in overseas interest rates.

The Bank of England has so far provided help in the form of £1.5bn of temporarily released special deposits and one-month loans to the clearing banks, as well as considerable day-to-day help. Assistance yesterday was on a "very large scale."

It is now possible that these facilities may have to be both rolled over and enlarged. The key date is next Tuesday, a week before the March banking make-up day.

The intensity and duration of *the pressure have been a sur*prise and reflect larger than expected inflows into the Exchequer, notably of income tax and value-added tax, as well as *a bunching of oil-related pay*ments and continuing calls on partly-paid gilt-edged stocks. These pressures may last for most of this month.

At the same time the banks have faced a continuing big demand for borrowings from a tightly squeezed industry.

Editorial comment Page 16
***Parliament* Page 12**

European fibre producers plan case against U.S.

BY GILES MERRITT IN PARIS

AN ANTI-DUMPING complaint against U.S. producers of polyes*ter filament yarn will be lodged* with the European Commission in Brussels soon by the Paris-based Comité Internationale de la Rayonne et du Fibre Synthe*tique, which includes the EEC's* 11 major man-made-fibre concerns.

The decision to launch the complaint, which could tem*porarily reduce sales of cheaper* U.S. polyester fibre in the EEC to a trickle, follows a meeting this week between the commission and representatives of the EEC *industry*.

Cheaper oil

The EEC fibre-makers have *told the commission that* U.S. sales this year will cause them financial losses of more than £125m on polyester filament yarn alone. U.S.-produced polyester takes 10 per cent of the EEC market. It is likely that by the end of the year the figure will be 15 per cent.

The 20 per cent-plus price advantage which U.S. producers gain from cheaper oil and gas feedstock is said by the Euro*peans to be seriously disrupting* EEC price structures.

The formal documents setting out anti-dumping complaints against a number of major U.S. producers are being drawn up in Paris by the CIRFS. It is understood that they will constitute a *prima facie* case against the U.S. *companies which will* enable European producers to demand emergency duties being imposed immediately.

The Community-wide move *against U.S. polyester filament* yarn follows the imposition by the UK last month of special quotas on U.S. polyester yarn, which has taken almost 30 per *cent* of the British market. It marks a further serious deterioration in relations between the EEC and the U.S., increasing the threat of a protectionist trade war over textiles and steel.

The EEC industries' decision to open an anti-dumping action is expected to put fresh pressure on the Brussels Commission to apply curbs on U.S. fibres. European producers are *concerned that over-capacity in* the U.S. in polyester staple, acrylics, nylon carpet fibre and technical yarns will soon result in the £2.7bn-a-year EEC *market being flooded with U.S.* fibres.

Tactical move

Both France's giant Rhone-Poulenc chemicals and textiles group and Italy's Montefibre have this week warned the commission that they may soon be forced to close all synthetic fibre production.

The anti-dumping complaint is also a tactical move apparently timed to coincide with the General Agreement on Trade and Tariffs talks which resume next week in Geneva between the U.S. and the European Commission. The U.S. plans to devote one day of the two-day negotiations to the compensatory textile measures against the UK, and possibly Italy, to which it is entitled under the agreement.

U.S. prime climbs to 17¼%

BY DAVID LASCELLES IN NEW YORK

U.S. INTEREST rates continued their upward spiral yesterday as banks increased their prime rates by half a percentage point to a record 17¼ per cent.

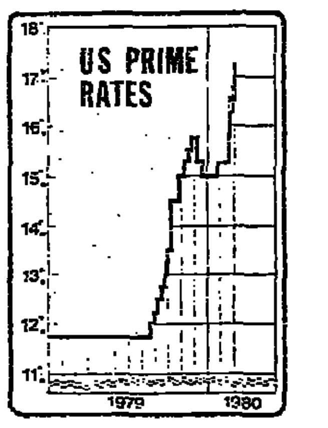
The move sent both the bond *and stock markets reeling*, though it helped the dollar. Economists believe that the soaring cost of funds will push the prime over 18 per cent before long.

Yesterday's increase was the second big jump in the prime in only three business days. This time last week the key rate was 16¼ to 16½ per cent.

The increase was triggered shortly after 10 am local time by Chase Manhattan Bank. By the end of the morning most major banks in New York, *Chicago and on the West Coast* had followed suit.

The cost of short-term money has risen sharply in the U.S. in the last few days.

On Monday night the U.S. Government's sales of Treasury bills produced record high yields, with three-month bills going for 15.136 and six-month *bills for 14.792 per cent.*



In trading yesterday the yields on these bills had edged up 25 more basic points or so.

David Marsh writes: The prime rate increases helped the dollar make further gains yesterday. The Japanese, West German and Swiss central banks gave heavy support to their currencies, estimated for the second day running at a total of over $1bn.

The yen was the only major currency to rise against the dollar, following Bank of Japan support estimated at about $800m in Tokyo. The dollar closed at Y246.30 in London *against Y247.80 overnight.*

It closed at DM1.7900 (1.7830) and SwFr1.7180 (1.7140) despite continued large dollar sales by the Bundesbank. Sterling finished above the worst at $2.2370 (2.2420)

Money markets, Page 25

£ in New York

—	Mar. 3	Previous
Spot	$2.2330-2350	$2.2580-2600
1 mth	0.58-0.53 dis	0.46-0.41 dis
3 mths	*1.14-1.09 dis*	*0.95-0.90 dis*
12 mths	2.85-2.75 dis	2.65-2.55 dis

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For latest Share Index phone 01-246 8026

EUROPEAN NEWS

Spanish jobless up 23% to highest rate in Europe

BY ROBERT GRAHAM IN MADRID

THE NUMBER of people out of work in Spain increased 23 per cent to 1.33m during 1979, according to figures just released by the official statistics institute. The percentage of unemployed has now risen above 10 per cent of the active population, giving Spain the highest unemployment rate in Europe.

The unemployment level, higher than originally anticipated by the Government when it presented its economic programme last August, shows no sign of levelling off.

With the recession likely to continue, trade unions are convinced that official unemployment figures will reach 1.5m before the end of the year. At present, the unions believe that the statistics understate the real level of unemployment.

During the year, the number of unemployed rose from 1.08m to 1.33m but the total active population, at 13.15m, changed little. The greatest area of unemployment continues to be among those seeking jobs for the first time, who represent 40 per cent of total jobless and have increased by 112,000 during the past 12 months.

The only sector where unemployment has been stationary is agriculture. Indeed, there has been a small decline. All the other sectors, especially industry and construction, have noted sharp increases. In the last quarter industrial unemployment rose by 13 per cent.

For the number of jobless to be held steady, it is reckoned that the economy must achieve a growth rate of 3 per cent. Unemployment can only decline with growth rates of 4 per cent and more, the institute said. Last year the economy grew at 1.5 per cent.

The Government has talked of achieving a growth rate this year of between one and two points above the OECD average. Since the OECD is anticipating zero growth, Spain is hoping for a maximum of 2 per cent.

However, this is regarded as over optimistic by many bankers and businessmen, who believe growth this year could be as low as 0.5 per cent. Against this background the employment picture is bleak.

Unemployment is occuring despite the protective legislation that makes it difficult to shed labour. Employers are seeking private deals with individuals or are working on a negotiated basis with unions—two thirds of labour in industry and the services is being shed in this way.

The remaining third is being laid off by companies who are either in temporary receivership or have obtained permission from labour courts to sack workers. A significant feature of Spanish unemployment is the low proportion of jobless receiving unemployment benefit. Last year this increased from 45 per cent and now stands at just below 60 per cent, with the expenditure increasing from $2bn to $3.1bn. Receipt of benefit is low mainly because it continues to be difficult for new job seekers to conform to the regulations.

Unemployment benefit is paid by the state for 18 months. However, in the case of agricultural workers they have access to community employment, especially in Andalucia, indefinitely.

The plight of the unemployed is heightened because many become jobless after not receiving pay for several months. State and private companies can default on wage payments, before they declare bankruptcy or go into temporary receivership without effective sanctions.

At least one multinational, Dunlop, owes its workers back wages. Dunlop's plant making rubber matting at Bilbao is closed down and its 650 workforce owed six weeks wages.

Pace of price rises quickens in Turkey

By Metin Munir in Ankara

TURKISH wholesale prices increased by an unprecedented 9.2 per cent in January. The country has been suffering from severe inflation since 1977.

Statistics published by the Ministry of Trade showed that in the 12-month period which ended in January, wholesale prices registered an increase of nearly 90 per cent. In the previous 12-month period the rate of increase had been about 50 per cent.

The rate of increase in February is likely to be higher, as the index will register the full impact of the price rises announced in late January.

Mr. Suleyman Demirel, the Prime Minister, increased the prices of basic goods and services to mop up the equivalent of $5bn from the economy. Many prices, including those of petrol, cement and iron and steel, were doubled, making virtually every service and commodity dearer.

January's record increase and the anticipation of an even higher one in February, has led some economists to conclude that inflation may, for the first time go beyond 100 per cent in 1980, if Mr. Demirel's measures do not succeed.

Dearer Norway energy foreseen

BY FAY GJESTER IN OSLO

THE NORWEGIAN Government has held out the prospect of higher electricity prices in an official White Paper on energy policy.

The move will affect both general consumers and the country's important power intensive industry, and aims at encouraging more economic use of a major national resource—hydro-electric power.

The pace of future hydro-power development will be slower than previously planned, and development of a number of water courses has been banned, either permanently or temporarily on grounds of conservation. These are listed in a separate White Paper.

Nevertheless, new hydro-electrical schemes will be the main source of additional power supplies over the next decade. Modernisation of some older plants and improvements in the grid, to prevent power losses in transmission, will boost total output.

A few coal and oil-fired plants may be built in the second half of the 1980s, to supplement hydro-electrical plants in dry years or during periods of peak demand.

On the other hand, alternative energy sources such as sun, wind and wave power are not expected to make any significant contribution to supply for at least a decade, and nuclear power is dismissed as probably not necessary for Norway "on this side of the year 2000."

Energy saving will be "an increasingly important element" on Norwegian energy policy, the White Paper says. Research into energy saving will get Government funds, and revised building regulations will encourage better insulation.

Subsidies and taxes will be used to promote increased use of less energy-intensive forms of transport.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Irish hopeful on energy use

By Stewart Dalby in Dublin

IRELAND'S ENERGY consumption may rise more slowly during the next 20 years than had been previously forecast, according to a new study by the independent Economic and Social Research Institute. The most recent official forecast from the Irish Department of Energy and Commerce said that energy consumption in Ireland would rise from 7m tonnes oil equivalent (MTOE) in 1979 to 18 MTOE in 1990.

The institute study suggests that Government estimates published in 1977 were over pessimistic. Assuming average growth rates of 4 per cent a year, which could be very optimistic, energy use by 1990 could be in the region of 15 MTOE.

BUDAPEST QUEUES TO BUY JEWELLERY

Hungary seized by gold fever

BY PAUL LENDVAI IN BUDAPEST

EVERY MORNING long queues wait patiently in front of a small shop in the centre of Budapest. They are not shopping for meat or bread, like their fellows in Bucharest or Moscow. The Hungarians are queuing for jewellery.

Gold fever has gripped Hungary, and the small shop opened recently by the Mint cannot satisfy the waves of customers who have been invading it and the state watch and jewel trading companies since Christmas.

The turnover in gold jewellery last year rose by 15 per cent from 1978, to Forints 3bn (about £65m at the tourist rate of exchange), compared with an average 5 per cent growth in previous years.

The price of 14-carat gold jewellery was raised by 10 per cent in January last year, by 30 per cent last November, and by an unprecedented 150 per cent on February 21. Nevertheless, the shelves of Budapest's largest jewellers have been emptied of anything remotely resembling gold, and a stream of shoppers passes through, inquiring about the next deliveries. The last gold and diamond bracelets were grabbed weeks ago, despite prices of between Forints 250,000 and 400,000, equivalent to five to eight years' pay.

But it is not just gold which is in demand. Antique shop shelves and the main retail outlet for the famous Herend porcelain are also empty. Anything worth buying disappears overnight. Nepszabadsag, the party newspaper, last Sunday published a satirical piece about a large marble figure of Emperor Franz Joseph in an antique shop window. "Despite a price tag of Forints 20,000 (equalling over five months' average pay), the bent figure of *the Emperor disappeared next day,*" it said.

As a matter of fact, I found it inside the shop, but no doubts it will soon be sold.

What are the reasons for the gold rush? Villaggazdsag, the economic weekly, concludes in a remarkably candid piece that world-wide gold speculation, rising consumer prices, the low interest on savings deposits and the shortage of goods play the key role. Hungarians last year were hit by massive price increases, which reached 9 per cent even according to official figures, which are viewed with scepticism. The official inflation rate this year is put at 8.7 per cent. Marginal wage increases offset only by a fraction in the rising cost of living.

Mr. Janos Kadar, the Hungarian party leader, is also conducting a political experiment of gradually matching domestic prices with those prevailing on world markets. Domestic prices are thus bound to follow the upward trend *throughout the rest of the* world. But rising prices are only part of the explanation.

The simple truth is that middle-aged and elderly Hungarians, like most other East Europeans, are deeply concerned about international tension. Even Mr. Janos Berecz, the department chief of the Communist Party's Central Committee, recently admitted in a radio programme that "attacks on detente" had surprised and frightened people all over the world, implying that Hungarians shared their fears.

A leading journalist remarked: "The era of steadily if slowly rising living standards and growing scope for private travel to the West has ended. *At any rate for years to come.*"

Mr. Janos Kadar . . . gradual experiment

A top economist consoles himself and his associates with references to such past crises as *the Berlin blockade and the* Cuba missile crisis, which did not after all spark a global war. Yet he also believes there will be a "frost" between East and West for at least one and a-half years.

It is not only the spate of bitter political jokes which reflects the repercussions of the Soviet invasion of Afghanistan. The belief that the veterans in the Kremlin are careful and cautious operators, who above all seek to increase the still deplorably low standards of living in their vast empire, has been shattered. No East European leader was apparently informed, let alone consulted, by the Russians before the fateful intervention in Kabul. But *President Jimmy Carter is not a* hero either. "He has behaved like a paper tiger for so long and no suddenly overreacts. We small countries are pawns in a simultaneous power struggle taking place both in Moscow and Washington," remarked a sociologist with permanent access to the Western Press.

What are the effects on internal affairs? "The Soviets may have lost face in the world—but they certainly have not lost any of their total power over the satellites," one observer noted in Bundapest. As if to underline how pertinent this observation was, the Hungarian press next day published a brief item which startled the politically interested public: "Soviet President and Secretary - General Leonid Brezhnev presented the award of the October Revolution in the Kremlin to Army Gen. Lajos Czinege, the Hungarian Minister of Defence, for his contributions to the development of friendly relations between the Soviet and the Hungarian armed forces, to the strengthening of the military organisation of the Warsaw Treaty."

It was indeed most unusual that an award originally announced by the Supreme Soviet exactly five months ago should be presented by Mr. Brezhnev himself to a Hungarian general who does not even belong to the *Politburo.* Such ceremonies normally take place at ministerial level. Millions of Hungarians saw on television how Mr. Brezhnev, swaying slightly and uncertain in his movements, even embraced and kissed the burly minister. Some of them regarded the ceremony as a pointed reminder that ultimate power, even in this happy-go-lucky country, rests with the Soviet Army.

New Swiss powers to requisition supplies

BY BRIJ KHINDARIA IN GENEVA

THE SWISS Government has acquired new powers to requisition stocks of food, fuel and other vital commodities in times of crisis other than war.

An overwhelming 86 per cent of voters at a referendum have approved a new Government regulation widening the scope of an article of the Swiss constitution to extend powers to requisition stocks in wartime to encompass other crises.

The government is expected to build up food stocks to last at least one year when market conditions are advantageous.

The new powers are seen as part of the Government's civil defence armoury. Heightening Cold War tensions have focused attention again on Switzerland's civil defence needs, and the Government has also pledged to speed a programme to build enough nuclear shelters to house the country's entire 6m population.

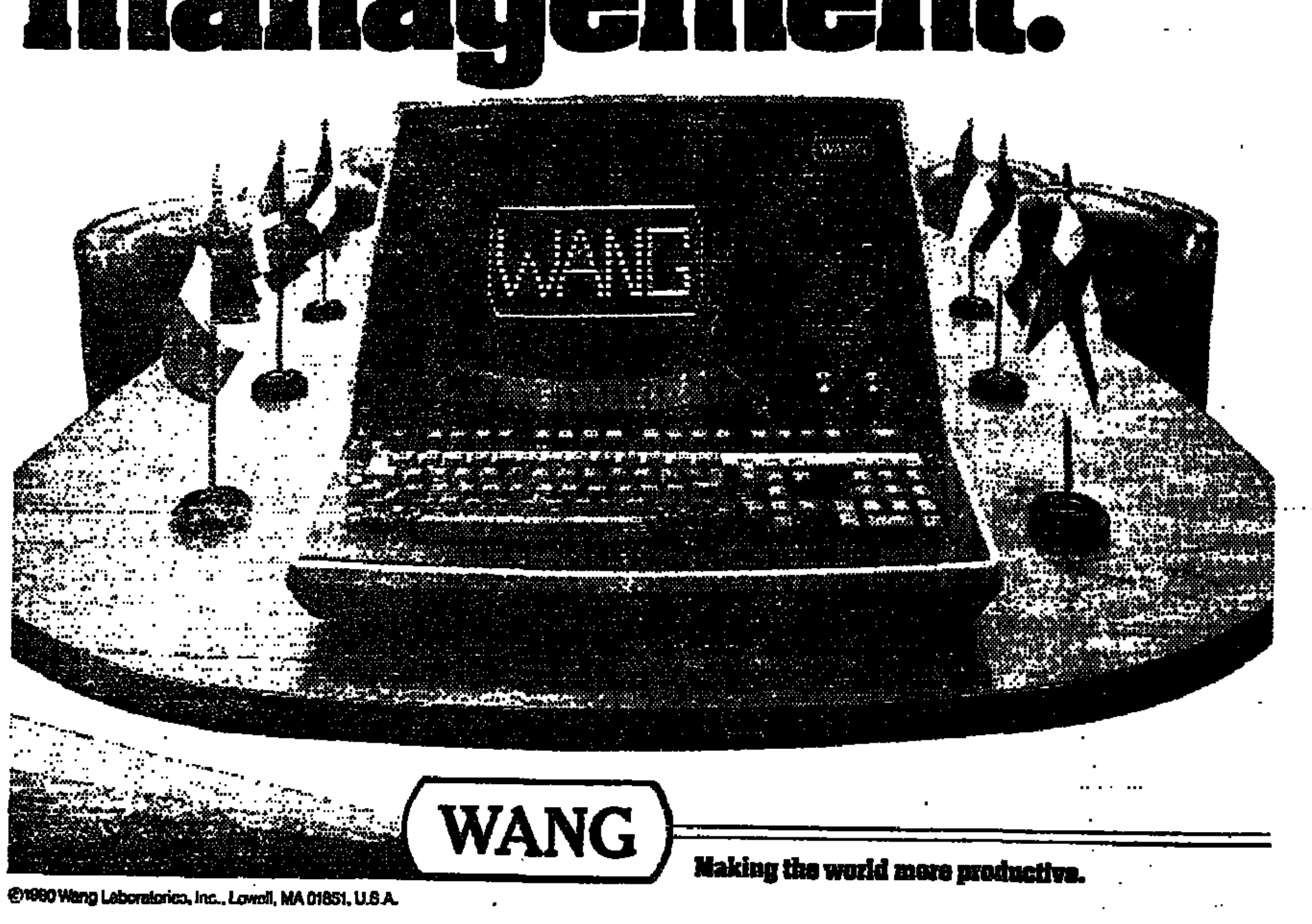
Switzerland imports all its oil and most of its food.

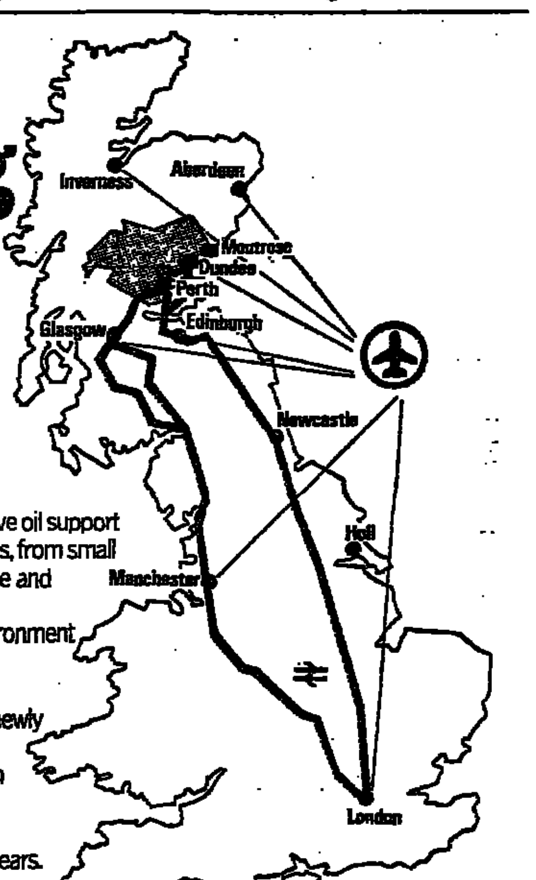
In another referendum vote, the Swiss have rejected a move to break financial links between the state and church. Under the system, which remains unchanged, a part of direct tax receipts is earmarked by the federal and cantonal governments to subsidise the activities of recognised churches.

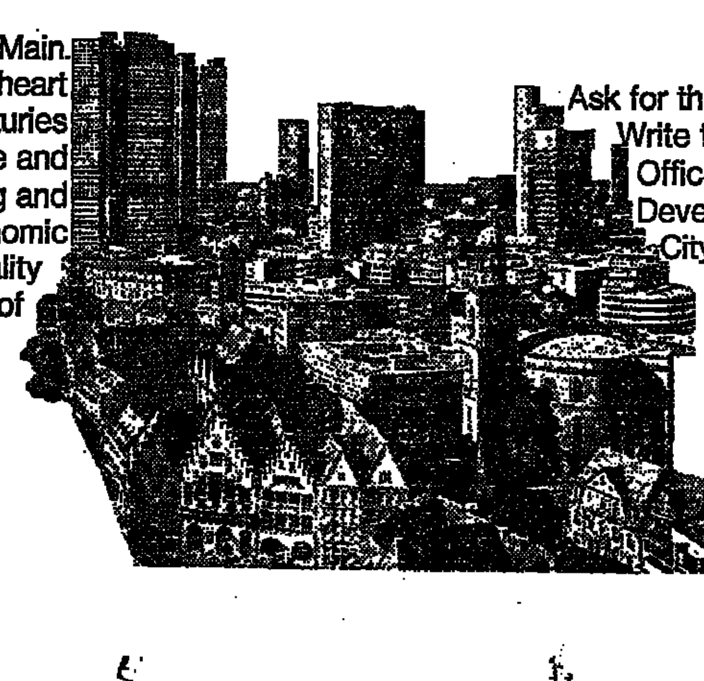
Basle is the only canton officially to recognise the Jewish religion.

John Wicks adds from Zurich: Only 2,331 working days were lost through strikes in Switzerland last year, the lowest figure since 1975. Only eight industrial disputes led to strike action. Of these, one concerned a pay dispute.

Five others had to do with redundancy measures or dismissals, and the remaining two with the signing of wage-and-conditions agreements.







Italian police hold 38 bankers in national swoop

BY PAUL BETTS IN ROME

ITALIAN POLICE yesterday arrested 38 of the country's leading bankers in a series of dawn swoops throughout the country.

The arrests, connected with the judicial inquiries into alleged loan irregularities by Italcasse, Italy's central savings institute, coincided with the likely imminent resignation of a Christian Democrat Cabinet Minister who has admitted accepting money from private sources to finance his political activities.

Sig. Franco Evangelisti, the Merchant Navy Minister, is expected to resign before Sig. Francesco Cossiga, the Prime Minister, has to face questions in Parliament on Friday on the affair.

The Italcasse scandal and the Evangelisti affair are closely connected. The Minister admitted he had accepted money from the Caltagirone brothers, a family of Rome builders who had been granted substantial and allegedly irregular credits from the central savings institute.

The latest dramtaic developments follow the decision yesterday of Sig. Antonio Alibrandi, the magistrate heading the Italcasse inquiries, to issue 49 arrest warrants against former Italcasse board members and a number of leading industrialists and property magnates.

After issuing the 49 arrest warrants, police immediately arrested 38 leading members of the Italian financial establishment. These include the chairmen and top executives of a number of Italy's leading savings banks.

Police are now seeking the other "people charged by the magistrate in connection with the Italcasse affair. Among these is Sig. Nino Rovelli, the *former chairman of the SIR* chemical group.

Arrest warrants have also been issued against the three Caltagirone brothers, who managed to leave Italy in time before the warrants were executed.

The magistrate has charged *the 49 bankers and industria*lists, who all had dealings with Italcasse or sat on the central savings institute board, between 1970 and 1977, with alleged fraud. The charges specifically relate to allegations that Italcasse, which groups together all the country's savings banks, advanced irregular credits to some privileged clients.

In turn, the former management of Italcasse has been accused of irregular operations allegedly to help finance political parties, especially the *ruling Christian Democrats.*

The Italcasse and Evangelisti affairs are now widely regarded to be the tip of an Italian Watergate with potentially ever *more explosive repercussions* than the collapse of the financial empire of Sig. Michele Sindona, the Sicilian financier currently on trial in New York.

Carrington to visit Romania

By David Tonge

LORD CARRINGTON, the British Foreign Secretary, is to visit Romania from March 12-14 *amid Western hopes* that it may be possible to build on the differences between Moscow and Bucharest over the Soviet intervention in Afghanistan.

Romania abstained from voting on the United Nations resolution condemning Soviet *actions on Afghanistan but it* said at the time that it supported the need for the withdrawal of foreign forces from the country.

It also expressed its "unshaken respect for the principles of independence and national sovereignty, non-*interference in internal* affairs and right of every country to be master of its own destiny."

At that time there were *reports, denied by Moscow,* that the Soviet Union wished to station a "limited contingent" of troops in Romania. Since then Mr. Andrei Gromyko, the Soviet Foreign Minister, has visited Bucharest but the British view is that his visit did not alter Romanian policy, which, it is believed, consists of firmly criticising the Soviet *invasion but not making* a campaign about it.

● Talks between the British and Irish Foreign Ministers yesterday concentrated on resolving British complaints over its contribution to the EEC budget rather than Irish plans for discussing an eventual unification of Ireland.

Mr. Brian Lenihan, the *Irish Foreign Minister,* raised the subject of unification during talks in London but reportedly agreed with Lord Carrington that this should be discussed with Mr. Humphrey Atkins, the *Northern Ireland Secretary.*

WEST'S RESPONSE TO AFGHANISTAN INVASION

Schmidt intends to reassure Carter

BY ROGER BOYES IN BONN

CHANCELLOR Helmut Schmidt of West Germany holds talks with President Jimmy Carter in the U.S. today with the aim both of easing the recent tension between Bonn and Washington and of pressing forward with a concerted Western approach to the Russian invasion of Afghanistan.

By all accounts, it is a delicate mission. A senior Chancellory aide has described it as "the most important and possibly *most sensitive*" *of all* Herr Schmidt's official visits to Washington.

Chancellor Schmidt would no doubt disassociate himself from the hyperbole and he has repeatedly stressed that here is at root *nothing amiss* with U.S.-West German relations.

Just the same the past week has been a period of emphatic reassurance to the White House. The Chancellor has announced an (albeit long-planned) increase in defence spending, ex*pressed a willingness* to consider economic sanctions against the Soviet Union, and re-stated Bonn's determined solidarity with the U.S.

The Chancellor has complained of not being informed in advance of the U.S. ultimatum on the olympic games and of *Washington's role in the recent* abortive attempt to stage a conference of the Western foreign ministers.

The problem is that when these irritations are cleared out of the way, the two leaders may *still be left with substantially* divergent—though not necessarily opposing—views of the Afghanistan crisis.

The basic analysis of the invasion still seems to be at issue between the U.S. and Germany: should the West, for *example, be content with a pro*mise to withdraw from Afghanistan before beginning talks with Moscow and what role should be played by the European proposals for a neutral Afghanistan?

Above all, there is still the outstanding question of when *should the West start shifting* its focus away from punishing the Russians to a position that would allow talks on a phased withdrawal to take place.

The German view on these questions is that Moscow should *be allowed to withdraw from* Afghanistan without losing face. Indeed, it is thought that the Russians would not withdraw if *it looks as if they are bending to* Western pressure or the resist*ance of the tribesmen.*

Herr Schmidt's taks will be to explain Bonn's limited room for manoeuvre in a programme of solidarity. He has to balance specifically national interests—which presuppose the maintenance of an East-West dialogue—with support for the U.S. and at *the same time retain the strong* bond with France.

Although several West European leaders have consulted with Herr Schmidt before his present trip, his task will be less than of acting as a European spokesman and more than of a special pleader: Germany, he is *expected to argue,* is in a unique difficult position but still has a key role to play.

EEC hopes of farm cuts dimmed

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission's plan for cutting spending on agriculture is still officially alive, but observers at this week's farm ministers' meeting in Brussels say the beast already appears to be in its death throes.

Farm ministers cheerfully re*viewed the issue, declared they* saw no signals of EEC bankruptcy, and began carving up the Commission's plans to curb surplus food production.

The two food mountains which together take up nearly *half the EEC's strained budget* are sugar and dairy products. But the ministers sidestepped a decision on sugar, virtually ensuring that nothing will be done *about the surplus this year,* and almost unanimously rejected proposals to squash further increases in dairy output with heavy taxes.

The Commission had hoped the Nine ministers would *approve the broad outlines of its* plans to cut sugar quotas and *increase production levies this* week—their last chance to influence sugar beet plantings this year but some ministers are already suggesting that the whole plan for a five-year Community sugar arrangement be postponed for a year.

Meanwhile, France, West Germany and Ireland say the Commission's plans to slap an 84 per cent tax on all milk output over and above 99 per cent of last year's production is out of *the question: they want their* small-scale producers protected

Mr. Gundelach

Mr. Finn Olav Gundelach, the Farm Commissioner, insists that this so-called super levy is the most important part of the entire farm price review, and *must be accepted if farm* spending is to be curbed,

● Mr. Gundelach is expected to ask his fellow commissioners to*day to seek an interim injunc*tion against illegal French curbs on British lamb imports from the European Court of Justice, commission officials said yesterday.

500,000 in Dutch wage plan protest

By Charles Batchelor in Amsterdam

ABOUT half-a-million workers took part in a nation-wide day of protest called by the Netherland's largest trade union fede*ration yesterday.* The Socialist-Catholic FNV, with 1.1m members, staged its protest to coincide with a Parliamentary debate of a Government plan to introduce wage controls.

Industrial action, varying *from short work stoppages* and go-slows to 24-hour strikes, brought large parts of Dutch industry, commerce and public life to a standstill. The ports *of Rotterdam and Amsterdam* were at a complete halt by mid-afternoon, according to an FNV official.

Processions attracted an estimated 30,000 marchers in Amsterdam and 25,000 in Rotterdam.

Rise in discount rate feared

BY RUPERT CORNWELL IN ROME

A FRESH surge in inflation has reinforced fears that the Italian monetary authorities may be forced into further restrictive action, including a fresh increase in the Bank of Italy's discount rate, now standing at 15 per cent.

Figures released yesterday by ISTAT, the national statistics institute, show that prices rose by 1.7 per cent in February. *Although the increase was* barely half the 3.3 per cent jump registered in January, it pushes the year-on-year inflation rate up to 21.7 per cent, against 21.4 per cent a month before.

The latest data also confirms *that prices are rising at an* underlying rate of about 2 per cent monthly. Italy's inflation rate is now the highest in the EEC, and around four times greater than that of West *Germany, her major trading* partner.

The expectation is that the authorities will wait to see what additional credit measures are decided by the U.S. But assuming that Washington tightens its monetary policy further, a subsequent increase in the Italian discount rate, and the commercial banks' prime lending rate, now at 19.5 per cent, is considered likely.

French reject gas price rise

BY GILES MERRITT IN PARIS

FRANCE IS insisting that Algeria open immediate negotiations to review the doubling of the liquified natural gas (LNG) price just announced by Sona*trach, the Algerian State oil and* gas company.

Gaz de France, the State-owned utility, emphasised in Paris yesterday that it cannot accept Sonatrach's decision to raise the LNG contract price *from around $3 to $6 per mil*lion British thermal units (BTU), and to back-date the increase to January 1.

The Algerian decision stems from concern that the gas, *which is increasingly being used* by European customers as an energy substitute for oil, should be priced on a par with crude. Gaz de France expects that the U.S., *which is also a major* user of Algerian LNG, will be demanding similar price negotiations with Sonatrach.

Among other buyers of Algerian gas that have already been warned of stiff price rises *for 1980 are the Dutch Neder*landse Gasunie and Ruhrgas-Salzgitter of West Germany.

Sonatrach has yet to reply to the Gaz de France demand, but *it appears unlikely that in the* context of Franco-Algerian relations it can very well refuse to negotiate with one of its largest European customers.

On the other hand, France's room for manoeuvre is con*strained by the fact that it is* scheduled to become increasingly reliant on Sonatrach for its LNG supplies over the coming five years.

Last year Algeria supplied 12.4 per cent of all French gas requirements, and by 1985 that share of expanding needs is due *to double to 25 per cent.*

Car output to be cut as sales fall

BY TERRY DODSWORTH IN PARIS

FORECASTS THAT the French *car market will go into reverse* this year were reinforced in January when sales dropped for the second month in succession. Although the fall in registrations — only 1.6 per cent — was not as much as expected, the Manufacturers' Association stressed that the figures confirmed a distinct slowdown in the market.

*In December the French in*dustry had already suffered a severe setback, with sales dropping by 8.5 per cent compared with the same month in the previous year.

While both production and exports continued strongly in January, French manufacturers are now taking steps to bring output down in line with the *lower level of expected demand.* Talbot, the former Chrysler-Simca concern, has trimmed some six hours off the average working weeks for the first four months of this year; Citroen closed its plants for two days last month; and Peugeot extended its holiday period over Christmas.

The main stimulus to production is coming from export markets, where sales rose in January by 5.2 per cent to 152,000 units. This improvement overseas helped maintain the momentum of output, which *rose by 4.7 per cent to 310,000* units, while domestic registrations droped from 157,000 cars to 155,000.

On the commercial vehicle side, sales were marked last month by the clear division between the buoyant market for vans of below 6 tonnes and a further decline in sales of heavier trucks.

Rhodesia waits nervously for Mugabe to show his hand

BY BRIDGET BLOOM, AFRICA EDITOR, IN SALISBURY

TEN MINUTES after Mr. Robert Mugabe's massive election victory was announced officially on radio and television yesterday, I overheard a conversation between two middle-aged white Rhodesian women.

They were clearly shocked by the result, one declaring that she had to talk to the other for comfort. They spoke of how worried they were. "since you know what they're going to be like when they've got power behind them."

But then as one spoke of her 18-year-old son who was doing his national service, and the other of her husband in the police reserve, they became more reflective. "I don't care what happens as long as it brings peace. I'm so sick of this war." The other replied: "Yes . . . and I suppose it could have been even worse if Mugabe hadn't won. He might be the only one who can bring peace."

Most Rhodesian whites have been stunned by the way Mugabe and Joshua Nkomo have between them swept to victory, just as the vast majority of blacks who voted for them seem delighted. In the townships around Salisbury groups of jubilant ZANU-PF supporters paraded through the streets, good-humouredly shouting party slogans and giving clenched fist salutes.

But for whites and blacks alike, there is uncertainty as to what sort of rule a likely Patriotic Front Government will bring. No one can tell, at this very early stage, what will happen, but the problems are apparent enough.

The first is undoubtedly the need to inspire confidence in all races that a Patriotic Front Government will not, as Mr. Mugabe put it in his first post-election Press conference yesterday, "use the majority to victimise the minority"—whether that minority be racial, tribal or political. Within the black community, there will be need for political reconciliation, though the major problem will be to fulfill the rising expectations of 7m Zimbabweans.

Black voters were promised everything from free education and health services to more jobs, better pay and more land. The promises are likely to prove just as difficult to fulfill as elsewhere in Africa, although the new Government will inherit an efficient Civil Service and a sophisticated economy as rich *as any in the continent.*

The rub is that the Civil Service and the economy is white-run and for most whites Mr. Mubage is a bogeyman, a dangerous revolutionary if not a Communist. One of Mr. Mugabe's senior colleages told me some months ago that he did not believe ZANU(PF) had a single real Marxist in it, but the image may be difficult to eradicate for the party certainly does espouse what elsewhere is called African socialism.

There are thousands of trained and qualified black Rhodesians, very few of them in the Civil Service and only marginally more in business. Rapid Africanisation will be seen as a political necessity by blacks and as a threat by whites.

Even more delicate will be the new government's attitude towards the judiciary—there is not a single black judge and only a handful of magistrates—and the police, which while Africanised at the base, is still white-controlled.

In a category of its own comes the military problem. Mr. Mugabe comes to power on the back of a guerrilla movement. His relationship to his military men, let alone their relationship with Mr. Nkomo's Zipra forces, is one of the murkier areas. As for the white-led army, many whites, whether in hope or fear or ignorance, professed to believe, in the run up to the election, that the army would stage a coup rather than see Mugabe win.

In fact, Lieutenant-General Peter Walls, the Rhodesian security forces chief, who is rapidly eclipsing Mr. Ian Smith as the most important white man in Rhodesia, has played a key role in bringing the three rival armies together.

Gen. Walls, and the commanders of ZANLA and Zipra, have now replaced all but a handful of the Commonwealth monitoring forces in the guerrilla assembly places with joint Rhodesian army and police detachments, while two *battalions, one* each of Zipra and ZANLA, are undergoing training for integration into a new Zimbabwe army.

Mr. Mugabe wants to disband certain units, like the hated Selous Scouts, and he will have to decide what to do with the 20,000 auxiliaries said to be loyal to Bishop Abel Muzorewa. Not least, he will have to reassure the 70 per cent of the Rhodesian army which is black that vengeance is not to be their lot.

Some of his colleagues say that Mr. Mugabe recognises that his party is inexperienced in Government, and that it will need many months to inform itself of the complexities involved in implementing its policies. Others are worried that the new Prime Minister may be influenced by those in his party who want to jump all fences at once and damn the consequences. But the political and economic constraints are such that he may well be forced to choose caution.

Mr. Robert Mugabe: victory for nationalism

Marxist bogey failed to deter black electorate

BY MICHAEL HOLMAN IN SALISBURY

SELDOM HAS the potent force of African nationalism been so forcefully demonstrated as in the Rhodesian election.

For the past 20 years or more the ruling white minority attempted to deny its validity, either through claims that black opinion was represented by traditional tribal chiefs, or by attempting to forge alliances with "moderate" black parties. But old loyalties have come to the fore.

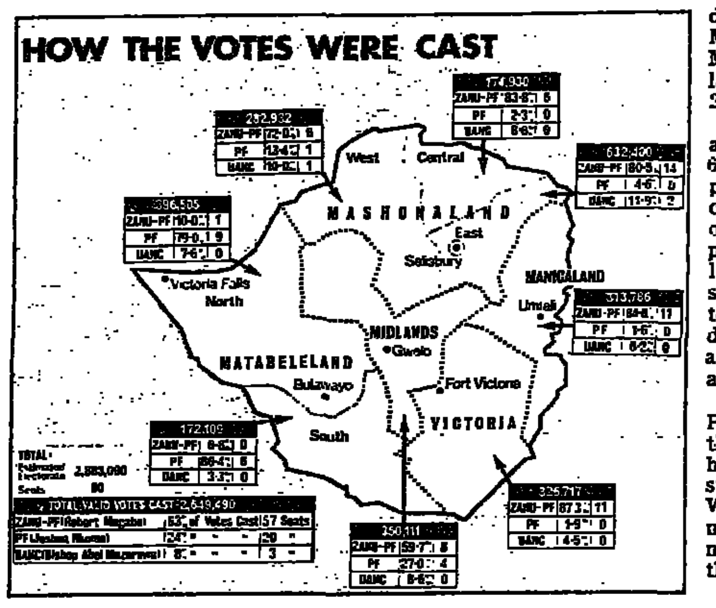
In the three-day poll 87 per cent of the 2.9m black electorate voted for the two parties whose roots go back to the 1950s.

Bishop Abel Muzorewa, the outgoing Prime Minister was swept aside. His United African National Council saw its parliamentary representation reduced from 51 seats to a humiliating three. Six minor parties have disappeared from the political map and some household names in Rhodesian politics, such as the Reverand Ndabaningi Sithole and Mr. James Chikerema, discovered that their reputations did not survive their defection from the two established parties.

The near collapse of the Bishop has stunned whites as well as taking most observers by surprise. His lavishly financed campaign included saturation advertising in the Press, colour posters, free food at rallies and campaign offices in a Salisbury hotel.

But the Bishop failed to end the seven-year guerrilla war—his major promise during last year's "internal settlement" election. He was tainted by his association with the white minority in the coalition that ran the country. His strident warnings that Mr. Mugabe and Mr. Nkomo represented Marxism and chaos were a serious misreading of the black mood.

The Bishop and his advisers made other tactical mistakes. Conventional wisdom had it that the 350,000 workers on white farms would be influenced by their bosses, as would the 113,000 domestic workers. They were not. It was thought that the growing black middle class in Rhodesian towns would be turned against Mr. Robert Mugabe's ZANU-PF and Mr. Joshua Nkomo's Patriotic Front by the terrifying picture of the future under them which was painted by the UANC. Clearly they did not believe it.



Instead people voted for the parties which have waged the war, and which they believed could deliver the peace. Hence it is not surprising that in areas dominated by guerrillas of Mr. Mugabe's ZANLA army—Manicaland, Victoria, Mashonaland Central—ZANU-PF took all 29 seats.

Mr. Mugabe's triumph has also shattered the hopes of the 62-year-old veteran of black politics, Mr. Nkomo. Despite his claims of national support, 15 of his 20 seats were won in the party stronghold of Matabeleland. One disquieting conclusion is that the election results tend to reflect the broad tribal division of black Rhodesia of approximately 80 per cent Shona and 20 per cent Ndebele.

The four seats which the Patriotic Front picked up in the Midlands, where Mr. Nkomo himself stood, as well as the single seat in Mashonaland West, were probably based mainly on Ndebele support and not won through inroads into the Shona vote.

Well-known Shona members of the Patriotic Front, such as its deputy president Mr. Josiah Chinamano, were casualties of the party's failure to win any seats in Mashonaland Central and Mashonaland East, and in Manicaland and Victoria.

Similarly ZANU-PF captured only one of the 15 seats in the two Matabeleland districts and that sole success is due to the sizeable Shona population in Bulawayo.

It was in part to bridge this division that Mr. Mugabe and Mr. Nkomo formed the Patriotic Front alliance of their parties in 1976.

When Mr. Mugabe decided to campaign under independent colours, an angry Mr. Nkomo presented himself as the candidate of national unity, more flexible and pragmatic than his fellow guerrilla leader. The tactic failed to win Shona votes. The election saw the triumph of two nationalist parties, at one in their determination to end white rule, but still apart, divided less by policy than by tribe.

The most hopeful development, however, is Mr. Mugabe's repeated assertion that the Patriotic Front is his natural ally, and Mr. Nkomo's apparent willingness to join in a nationalist coalition.

Warning renewed by Botha

By Quentin Peel in Johannesburg

SOUTH AFRICA'S Prime Minister, Mr. P. W. Botha, yesterday kept options open on relations with the new Government in Salisbury, but he discounted any threat of military intervention by Pretoria.

His statement was the only formal reaction from the Government, although politicians and officials at all levels were clearly dismayed by the election result. Black leaders were generally enthusiastic.

Mr. Botha said the result was "a decision by the people of Rhodesia. They will have to work it out for themselves and live with it." He said that South Africa had never interfered with the affairs of its neighbours, except in instances where assistance had been requested by governments.

But he also repeated his stern warning that "any neighbour which allows its territory to be used for attacks on, or the undermining of South Africa and its security will have to face the full force of the Republic's strength."

The tone of Mr. Botha's statement reflects the uncertain state of Government thinking. He particularly stressed what he saw as Britain's responsibility for ensuring a stable outcome in Rhodesia. "It is not for me to say whether the result was attained in a just way or not," he said. "That, as well as the immediate future until matters have stabilised, is Britain's responsibility."

In recent weeks, senior South African officials have recognised the growing support for Mr. Mugabe, but still hoped for an outcome in which he could be kept out of power by a "moderate" coalition.

The result is a severe blow for the entire South African *strategy of supporting* generally conservative black parties in neighbouring states, including Rhodesia and Namibia (South West Africa).

Meanwhile President Julius Nyere of Tanzania, admitted yesterday that he was wrong to accuse Lord Soames, Rhodesia's Governor, of trying to rig the independence polls, our Dar es Salaam correspondent reports. "This is not the first time I have been proved wrong and this is not the first time I am very pleased I am wrong," the Tanzanian leader told reporters.

Radical who became a moderate

By Mark Webster

MR. ROBERT MUGABE remains one of the most enigmatic figures in the nationalist movement.

It would appear that he has changed in the past few months from a Marxist-inspired radical so much feared by the whites to a moderate urging conciliation and unification.

The question which must now be answered is whether Mr. Mugabe's apparent metamorphosis is simply a tactic to avert the danger of a white-led coup, or whether it represents the emergence of a more pragmatic style.

Nothing in Mr. Mugabe's own history within the nationalist movement shows that his present stand is totally insincere. He has done a great deal to fuse the many divergent interests within the chaotic ZANU-PF Party, and perhaps his greatest achievement has been to unite the intellectual force of the leadership with the grass-roots support.

His intellectual achievements in gaining seven different degrees are all the more impressive considering his humble start as the son of a labourer. Born in 1924 at the Kutama Mission in the Zvimba Tribal Trust Land (native reserve), he was brought up as a Roman Catholic.

He attended the Kutama mission school until qualifying as a primary school teacher, then taught at various schools around the country. During the 1940s, he completed his secondary education and in 1949, won a scholarship to Fort Hare University in South Africa, from which he graduated in 1951.

After teaching in Northern Rhodesia (Zambia), he left in 1958 for Ghana, where he met and married his wife Sarah. While there, he was much influenced by the policies of Kwame Nkrumah. Returning to Salisbury in 1960, he was persuaded to join the nationalist movement.

He was first arrested in 1962 but jumped bail. Interned in 1964, he spent the next 10 years in detention, during which he indulged his passion for academic work by taking a number of degrees. After his release in 1974 he began to establish his position as a prominent nationalist.

Business community surprised and dismayed at election result

BY TONY HAWKINS IN SALISBURY

RHODESIA'S business community is both surprised and dismayed at Mr. Mugabe's victory. Less than a fortnight ago, General Peter Walls, commander of combined operations, assured a meeting of about 100 businessmen that whatever happened, Mr. Mugabe would not be the country's next Prime Minister. This was widely believed, with the result that, in the period before the elections, industrial share prices on the Rhodesian Stock Exchange increased more than 8 per cent as investors assumed a Muzorewa/Nkomo coalition as the most likely outcome.

But early on Monday, the market changed radically as Salisbury was swept with rumours of a crushing Mugabe victory. Both industrial and mining shares fell about 10 per cent. However, this fall took place in very thin trading and mainly reflected professional marking down of shares rather than any substantial selling.

The 10 per cent fall in share prices takes them back to their levels of early January and prices are still a good 50 per cent higher than they were a year ago. This is partially explained by the fact that institutional investors are "locked in" to the local equity market and have few viable investment alternatives.

Once prices fall, there is a quick response by the institutions which move in to underpin the market. There was some evidence late yesterday that this was already taking place.

Spokesmen for both organised industry and commerce were reluctant to say more than that they accepted the result of the poll and that their organisations would work with *Mr. Mugabe's Government.*

For agriculture, Mr. Dennis Norman, president of the Commercial farmers' union, which represents the country's 5,000 white farmers, said his union had always worked with the Government of the day and would continue to do so. But, he said, agriculture, and especially food production, was *fundamental to the future* stability of the economy. Food output needed to be boosted in both peasant and commercial farming areas.

For the Chamber of Mines, Mr. Alan Marsh, of Lonrho, predicted a 30 per cent rise in the value of mining output in 1980. The industry would continue with its efforts in the *best interests of the country* as a whole.

The reluctance of the business community to talk in anything other than vague platitudes is understandable. There is a considerable discrepancy between some of the manifesto pledges made by Mr. Mugabe and the views that the first Prime Minister of Zimbabwe has expressed both privately and publicly about economic policy.

At his news conference in Salisbury yesterday, Mr. Mugabe ruled out nationalisation in industry or mining and said that while land redistribution was a key policy commitment of his party, there was considerable unutilised and under-utilised land available. Compensation would be paid, in terms of the Lancaster House agreement, for any land that was acquired for resettlement.

The ZANU-PF manifesto says that the economic system will be "controlled and operated" in the interests of the people as a whole. It promises that trade and commerce will involve the people as a "collective entity" and that banking and finance will service the majority of the people rather than just a minority.

The manifesto says ZANU-PF is committed to the development of a Socialist economy and that the need for a direct state involvement in mining must be examined. Commitments to state participation include the establishment of a Zimbabwe road service corporation, which will be state-owned, and the establishment of state farms.

Business leaders have been relieved by Mr. Mugabe's relative moderation. He said yesterday that the economy had been founded on capitalism and that his Government would build on that. He drew attention too to the substantial chunk of the economy already in state hands.

In addition, Mr. Ian Smith's Government, despite its public commitment to free enterprise, has bequeathed him an impressive array of state controls—import control, exchange control, price control, new projects control. Thus much of the paraphernalia of state control is already flourishing.

British companies weigh future

BY ANDREW FISHER

THE 15 YEARS *of illegal* independence has obscured the Rhodesian activities of several leading British companies, which are now considering the implications of the victory of Mr. Mugabe's ZANU-PF party.

Among these are Turner and Newall, the asbestos and industrial group, Lonrho, the Dunlop rubber concern, and the Mitchell Cotts engineering, transport and trading group, most of whose shares fell back on the London stock market yesterday, along with prices of Rhodesian bonds *which had previously risen* on speculation of early repayment.

Turner and Newall, for instance, which has a wide range of operations in Rhodesia, said in January that net asset values there had leapt from £6.3m to £92m during the period of sanctions. But it was still uncertain as to when dividends could be resumed.

The Lonrho trading conglomerate, which has laid claim to being the largest British-based company in Rhodesia, is the country's largest gold producer with *nine mines—six have been* opened since illegal independence—and is also the only producer of electrolytically refined copper. Its other activities in Rhodesia range through engineering, textiles and farming.

One of Rhodesia's largest manufacturing companies is Dunlop, which employs 1,300 people there and earned a local pre-tax profit of £3m. But since its operation in the country was mainly set up to produce for the domestic market, the new political situation is not expected to have a dramatic effect.

Iran commission 'doomed'

BY SIMON HENDERSON IN TEHRAN

THE United Nations special commission in Iran appeared doomed last night, after the militant Moslem students refused point blank to let them see the hostages they are holding at the U.S. embassy in Tehran.

The refusal was in direct conflict with the ruling Revolutionary Council, which had said the previous day that the commission could see the hostages. It remained to be seen only how much longer the commission would stay in Tehran, and what diplomatic excuse it would try to make for this failure.

The commission, which has been in Tehran for 10 days, had always seen its role as not only to examine Iran's grievances against the exiled Shah, but also to try to solve the Iran-U.S. crisis and see all 50 hostages and to verify their good health.

The students' rebuff showed their continuing power to thwart the Revolutionary Council, and must be seen as a defeat for President Abolhassan Bani-Sadr. A student delegation met the President and Revolutionary Council members on Monday night, but no solution was agreed on.

In a tough statement from the students, released yesterday morning and broadcast on the main afternoon radio news, it was immediately apparent that the cause of the problem was Ayatollah Khomeini's failure to pronounce clearly on the issue.

The statement said that, according to the 79-year-old Iranian leader's guidelines, the commission's duty was to inquire into the Shah's crimes. The hostage issue was to be delegated to the General assembly which will be elected on March 14. The statement boldly asserted that a meeting with all the hostages was not compatible with Ayatollah Khomeini's decision and his uncompromising stand.

It is not clear to Tehran observers how aware the Ayatollah is of this issue. He What will be particularly hard for the U.S. to stomach, assuming the Revolutionary Council is too weak to counter the students, is that the students said they had given evidence to the commission from captured files about U.S. spying. They also said that if the commission wanted to check the hostages' health, it should be done at the invitation and initiative of Iran, implying some uncertain future date, "so as to keep the criminal hands of the U.S. away from the situation."

Philippines plans to curb growth

BY PETER MONTAGNON

THE PHILIPPINES has told the International Monetary Fund it plans to restrict real economic growth this year to around 6 per cent, the same rate as in 1979, Mr. Cesar Virata, the Finance Minister, said in London yesterday.

The Philippines could easily have financed growth of about 7½ per cent, he said, but had decided against this to protect its current account balance of payments.

Mr. Virata expected the current account deficit to change little from last year's $1.8bn, but the deficit in the basic balance, which includes long-term capital flows, should be reduced to $370m, from $570m.

Mr. Virata said the Philippines had agreed with the Fund to hold this year's domestic credit expansion down to last year's 26 per cent level. This was one condition of its latest $314m standby credit from the Fund.

Another condition, as already reported, was a ceiling of $1.2bn *on commercial borrowing* abroad, compared with $975m last year.

Mr. Virata, in London for an international conference on the Euromarkets, also said the Philippines needs to raise only $300m more from commercial banks in international markets for the remainder of this year.

With interest rates high, the Philippines' policy was to concentrate its borrowings on export financing, which is cheaper than syndicated loans, *and was thus holding back from* the medium-term credit market, he said.

Kenya 'in economic difficulties'

Kenya is in serious economic trouble and its Government will soon ask Parliament to help draw up a recovery plan, President Daniel arap Moi said yesterday, Reuter reports from Nairobi.

"We face serious economic problems because of adverse weather conditions and external forces such as huge increases in the price of oil, lower prices for our exports and the rising costs of essential imports." President Moi said at the opening of the National Assembly (parliament).

Kampuchea aid appeal

An urgent appeal for funds for a $260m programme to prevent famine in Kampuchea was made yesterday by Mr. Edouard Saouma, director-general of the Food and Agriculture Organisation, a United Nations agency, David Tonge writes. Mr. Saouma said $230m in new funds was required this year for food aid. He also called for over $30m to restore Kampuchean agriculture and fisheries.

Koreans fail to agree

North and South Korean officials yesterday failed to decide on a venue for a proposed meeting between their Prime Ministers, Reuter reports from Panmunjom. But the North agreed in principle to prepare topics for the summit, aimed at reviving unification talks. The two delegations will meet again on March 18.

RUSSIA'S ALLY FEARS THE SPRING

Afghan shadow over India

BY DAVID HOUSEGO

ALL THE evidence from Afghanistan points to far fiercer fighting developing in the spring and early summer, as Russia attempts to hammer the country into submission.

This prospect, and the growing threat of U.S.-Soviet confrontation, is deeply alarming to the states of the Indian subcontinent, not least to India. An important factor in Mrs. Indira Gandhi's election victory in January was that she successfully put herself across as the symbol of a strong and united India, a leader in the Nehru tradition able to resist the super powers' bullying and influence its smaller neighbours by reasserting an Indian "Raj."

But the invasion and its repercussions have touched painful nerves. India dislikes the prospect of a re-armed Pakistan and a rapidly modernising China, fearing an alliance between two countries with which they have been at war and which are being *strengthened and brought closer* by the U.S. They see no immediate military challenge from Pakistan. But they are worried at the unpredictability of a fragile military regime in Pakistan and, in the long run, of being overwhelmed by China.

India's principal counterweight to the Chinese threat has been its alliance with the Soviet Union, formalised into a Treaty of Friendship in 1971. But the Russian invasion has put increasing strains on this. Mrs. Gandhi's initial reaction was to excuse Russia on the *grounds that it had been* provoked by the U.S. and China. But since coming to power she has swung more into line with domestic opinion and with other leading non-aligned nations.

She still gives the Russians some comfort. But she has also signalled displeasure, sharply condemning Russia's action in a communique with President Valery Giscard d'Estaing of France as "inadmissible," by the frosty farewell she gave Mr. Andrei Gromyko, the Russian foreign Minister, after his recent visit to Delhi, and by postponing the recognition of the Russian-backed Heng Samrin regime in Kampuchea which she promised during the election.

The worry for India is that the more the Russians tighten their grip, the greater the temptation for them to intervene in Pakistan, Iran or over the allocation of oil from the Gulf.

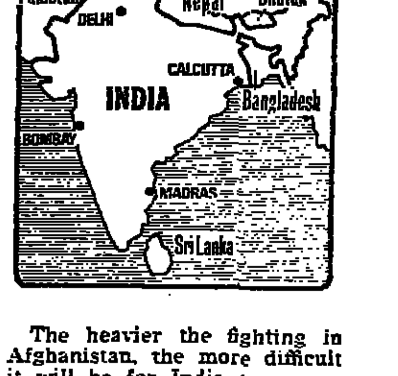
A further difficulty for India *is that the Russian invasion* also strains its relations with the Moslem oil-producing countries of the Middle East. The Indians have long been nervous of militant Islam—a movement, as seen from Delhi, which extends in an arc around the subcontinent from the Middle East to Indonesia—because of the potential backlash on India's own 80m Moslems. In this sense India shares many Russian fears of the domestic repercussions of Moslem resurgence.

But the Indian economy has also become increasingly linked *with the Middle East,* both as a source of oil and because of the substantial foreign exchange India earns from engineering goods and workers' remittances.

The Moslem states would like India to take a tougher line with the Russians. This pressure is difficult to ignore now it is stiffened by support from Iraq. Iraq's goodwill is important to India, because it is emerging as the dominant Gulf state. It will be the next chairman of the non-aligned movement, and its secular, socialist philosophy ties in with India's. Iraq has taken a lead among Islamic states in condemning the Soviet invasion.

Mrs. Gandhi holds some strong cards. Not least is that, for the Russians, any rift in their alliance with India would be immensely damaging to their international relations, just as winning India's support would be a major boost for Russia's foes. Thus Mrs. Gandhi has been wooed by Russia and by the West, most recently to seek her backing for "neutralising" Afghanistan.

India's own efforts to launch a diplomatic initiative have met no success. Mr. Gromyko rebuffed India's attempt to wrest from Russia a timetable for withdrawal in return for certain guarantees. Mrs. Gandhi's suggestions for a regional solution were turned down by Pakistan. Some smaller regional states, such as Bangladesh, Sri Lanka and Nepal, which India likes to consider under its tutelage, have been impatient for a sharper condemnation of the Russians.



The heavier the fighting in Afghanistan, the more difficult it will be for India to accommodate the rival pressures from Russia, the West, the Moslem Middle East and the non-aligned states.

Mrs. Gandhi's personal instincts will be to stick close to the Russians, as allies who proved their worth during the 1971 war with Pakistan. Indeed, it is hard to envisage a definition of Indian security which does not rely on the Russian alliance. But her influential son Sanjay is hostile to Moscow, his business associates have been urging closer links *with the West.*

There are many attractions for the West in anchoring a policy of regional stability to the solid foundations of India. But both sides find each other prickly.

The West could win a warmer response by playing to India's sense of self importance. It could treat India as an equal to China, the U.S. and Europe in any attempt to secure a settlement. But there would be *no guarantee of India's support* and the price of Indian friendship would include the hostility of Pakistan.

Israel brushes aside U.S. explanation of vote at UN

BY OUR FOREIGN STAFF.

AN ANGRY and divided Israeli Cabinet yesterday brushed aside explanations *from Washington on why the* U.S. voted for a UN Security Council resolution con*demning the building* of Jewish settlements in the occupied Arab territories.

The Cabinet — meeting shortly after President Jimmy Carter explained that the U.S. had intended to abstain on the vote—argued fiercely over whether to order a fresh round of settlements in the Arab city of Hebron in direct *retaliation against the vote.*

The affair is bound to strain even further relations between Israel and its major ally. After seven hours of heated discussion the cabinet finally deferred a decision on Hebron but roundly denounced the U.S. vote in uncompromising language.

A cabinet statement said: "American support of this unjust resolution arouses strong dissatisfaction and protest among the Jewish people."

American support for the UN *resolution,* which referred to the highly sensitive issue of Jerusalem as *well as to other territories* occupied in the 1967 war, was being widely interpreted in Israel as a major shift in U.S. policy.

But the U.S. position has consistently been that Jerusalem should remain undivided, with free access to its holy places for members of all faiths and that its status should be determined in negotiations for a comprehensive peace settlement in the region.

Mr. Carter's explanation, to the effect that the U.S. had *intended to abstain,* was treated with scepticism by the Israeli Cabinet. Ministers *described it as a clumsy effort* to soothe Jewish feelings after the damage had been done.

If Mr. Carter had not disassociated the Administration from the vote, the Israeli Cabinet was expected to give the go-ahead for the establishment of a religious school in the heart of Hebron.

Israeli officials reported a sharp difference inside the Cabinet room between Prime Minister Menachem Begin (right) and Mr. Ezer Weizman, Defence Minister.

The Defence Minister, a leading opponent of provocative settlement on Arab land, argued against sending Jews to live in Hebron which has not had a resident Jewish population since a massacre by Arabs in 1929.

It was the killing of a Jewish soldier in Hebron market last month which led to the UN vote. After the killing, the Israeli Cabinet sought to mollify Jewish extremists with a declaration of principle that Jews had a Biblical right to live in Hebron.

Because Hebron is as sacred to Moslems as it is to Jews, this pronouncement aroused fierce reaction abroad, including formal criticism by the U.S., which culminated in the UN vote.

What embittered Israelis more than *anything else* was the inclusion in the UN resolution of East Jerusalem which they regard as a permanent and undetachable part of the Jewish capital. Dismantling *settlements* in Jerusalem would mean evacuating densely populated Jewish suburbs which have been built since the 1967 war.

Israeli officials have also denounced the call made by France in a joint communique with Kuwait for Palestinian "self-determination"—describing it as "a further negative change in France's Middle East policy."

Mr. Allan MacEachan

Trudeau Cabinet in his own image

By Our Canadian Correspondents

MR. PIERRE TRUDEAU has picked a cabinet very much *in his own image after his* comeback as Prime Minister of Canada. Three key posts *go to men considered to be* close to him.

MR. ALLAN MACEACHEN, as *Finance Minister, will have to* tackle the budget deficit. Since the Progressive Conservative *Government* fell over the budget of retrenchment it brought in in *December, Mr. MacEachen* will have to show high diplomatic skills to contain *the deficit,* as the Liberals promised, without hurting their supporters more than *necessary.* The Budget is expected in May.

MR. MARC LALONDE, as *Minister of Energy,* Mines, and Resources, will have to fight a bitter battle with Alberta, the oil producing province, which was promised a price increase of C$4 (about £1.56) a barrel by the Government of Mr. Joe Clark, with C$4.50 more in each of the two next years. Mr. Trudeau has assured voters of nothing more precise than a lesser increase, which will give Mr. Lalonde a margin for manoeuvre. The trumps are *not* all with Mr. Peter Lougheed, the Prime Minister of Alberta, as while the *province* has jurisdiction over its natural resources, power to regulate trade and commerce rests with Ottawa.

MR. JEAN CHRETIEN has not only been made Minister of Justice, but has also been given a degree of responsibility for relations with the *governments* of the 10 provinces. Most immediately that means Quebec, where the Government of Mr. Rene Levesque is preparing to ask voters to authorise it by referendum to negotiate sovereignty in economic association with the rest of Canada. Mr. Chretien, like Mr. Trudeau is Quebecois.

The appointment of Mr. Chretien seems to imply that Mr. Trudeau reserves the last word for himself, but may wish to lie fairly low until after the referendum in May or June. There is reason to suppose that under the leadership of Mr. Claude Ryan, the Quebec Liberal leader, the anti-Levesque forces could win the referendum.

Another new face is that of Mr. Gerald Regan, formerly Premier of Nova Scotia, who has been thought of as a man with ambitions to succeed Mr. Trudeau when the Prime Minister retires. Mr. Regan's appointment as Minister of Labour and Sports does not, on the face of it, look like a big step in that direction.

Interest attaches to the return to the cabinet after several years of Mr. Herbert Gray as Minister of Industry, Trade and Commerce. Mr. Gray is a Canadian economic nationalist and was visibly delighted when Mr. Trudeau during the campaign, however circumspectly, proposed tighter controls over direct foreign investment in Canada.

Volte-face on settlements resolution pleases no one

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter's volte face in saying the U.S. vote in favour of a United Nations *Security Council resolution* condemning Israeli settlements in occupied Arab territory *was* an error has damaged his credibility. It has also failed to assuage the anger of Mr. Menehem Begin's Government.

Neither the President's nor Mr. Donald McHenry, the U.S. Ambassador at the UN, managed to explain satisfactorily yesterday how the bluner had occurred. Mr. McHenry acknowledge that the Administration had got the "worst of both worlds" by saying it had intended to abstain rather than vote in favour of last Saturday night's resolution.

The impression left was that Israeli reaction and electoral considerations may have been the reason, rather than a failure in communications referred to by both Mr. Carter and Mr. McHenry.

The U.S. vote still stands on the record, whatever President Carter may say to placate Mr. *Begin and Administration* officials yesterday attempted to soothe the distinctly nettled *feelings of the American* Jewish lobby. Mr. McHenry also suggested yesterday there *would inevitably be Arab* accusations that President Carter had caved in to political pressures on *his Middle East* policy. Similar accusations followed last summer's row involving his precedessor at the UN, Mr. Andrew Young.

The latest row closely recalls the Young affair. But Mr. Young was fired for holding what were then said to be unauthorised talks with Palestine Liberation Organisation officials in New York. Mr. McHenry yesterday stoutly maintained he had followed the letter of his State Department instructions in voting for the UN resolution. President Carter, in his statement issued late on Monday night, concurred with Mr. McHenry in blaming the "error" within the Administration.

on a communications mix-up

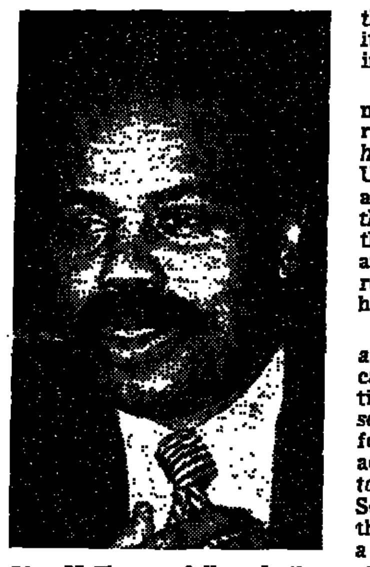
Mr. McHenry, although black like his mercurial predecessor, differs markedly from him in other respects. He is a punctiliously cautious career diplomat.

President Carter: mix-up in internal communications

It *now seems fairly clear that* the White House simply lost its nerve after the Saturday vote *in the face of an official Israeli* protest, the fears of some U.S. officials that Mr. Begin's Government might pull out of the Palestinian autonomy talks, and the prospect that President Carter might lose the Jewish vote. That vote will carry considerable weight in the Florida primary election on March 11. Certainly, Senator Edward Kennedy has jumped in quickly, roundly condemning the UN vote, which he called "a shameful movement in our diplomatic history."

Mr. McHenry said yesterday that the UN Resolution only stated "very clearly" what has been oft-declared State Department policy: that Israel's policy of increasing Jewish settlements on occupied Arab land on the West Bank is inconsistent with international law and is an obstacle to peace.

He also said the department, to which Mr. McHenry is directly responsible, was under the clear impression that if it negotiated the deletion of a paragraph in the draft resolution referring to guarantees of religious freedom in Jerusalem, *then President Carter favoured* it. This paragraph was deleted in the final resolution.



Mr. McHenry: followed the letter of his instructions

The White House on Monday night complained that all references to Jerusalem should *have been struck out to win* U.S. approval. But the UN ambassador yesterday said *those which remained were of* the most perfunctory nature, and had been in previous UN resolutions which Washington had supported.

U.S. diplomats last week had *also tried to get struck out a* call in the non-binding resolution for Israel to dismantle its *settlements. Mr. McHenry* found this impossible to achieve, and was reportedly *told by Mr. Cyrus* Vance, the Secretary of State, to vote for the resolution and then make a *statement saying* that dismantling the settlements was impractical. This Mr. McHenry *did.*

Israel now has around 50 Jewish settlements in the occupied Arab territories, with about 5,000 to 6,000 settlers.

The *catalyst for* the UN resolution, however, was Israel's recent decision to allow Jews to settle in the West Bank Arab city of Hebron.

But Mr. Sol Linowitz, the U.S. *mediator in the* Palestinian autonomy talks between Israel and Egypt, is said to have *opposed a* U.S. *vote* condemning the settlements, for fear that Mr. Begin's Government might slow progress further in the talks, or possibly pull out altogether.

However, Mr. McHenry said yesterday that the UN resolution should have no effect on *the autonomy negotiations.* "On the contrary, the point we have been making is that the settle*ments endangered* the talks," he said.

This is the second time in less than a year that President Carter will have appeared to Arab nations to have lost his nerve on Middle East *policy.* But the President clearly felt he had to backtrack to please a domestic Jewish constituency in this election year.

Petrobras opens Brazil borrowing

BY PETER MONTAGNON

BRAZIL HAS finally begun to crank up its large 1980 foreign borrowing programme with the award of a mandate to Bank of America and Deutsche Bank to manage a $250m 10-year credit for Petrobras, the state oil company.

The credit, long-awaited in the Euromarkets, is seen as a *benchmark for terms Brazil can* expect on foreign borrowing this year. It bears a spread of ¾ per cent above the London Interbank Offered Rate (Libor) for the first five years and 1 per cent thereafter.

The terms are signficantly more costly than Brazil obtained on its $1.2bn Eurocredit late last year. That bore a spread of ⅝ per cent above Libor for the first four years and ¾ per cent for the remaining eight.

Nonetheless, international bankers see them as fair for today's conditions.

Petrobras was able to obtain good terms because it is highly rated among Brazilian borrowers both for its scarcity value and because it offers substantial collateral business for participating banks.

Also international credit markets are currently liquid as the volume of business has been *relatively low this year while* banks are beginning to be flush with deposits from members of *the Organisation of Petroleum* Exporting Countries (OPEC).

The Petrobras credit is the first new credit to be arranged by Brazil this year despite the country's large foreign financing requirement amounting, according to Prof. Antonio Delfim Netto, Planning Minister, to some $12bn.

Bankers feel that terms for subsequent borrowings will be at least the same, or probably higher than those just announced for Petrobras.

Carter likely to reject broad credit controls

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE CARTER Administration is believed to have ruled out use of across-the-board credit controls as part of the anti-inflationary package it is preparing.

It is considered likely that the measures will concentrate on cutting federal spending by as much as $4bn this fiscal year and *$15bn* in the year beginning in October. But the magnitude of the cuts will probably not be determined until a new economic projection being drawn up *by* the Council of Economic Advisers is ready.

In any case, the promised package will probably not emerge for a week at least. *This is partly because the* Administration wants to be sure that Congress will not *baulk at some of the specific* expenditure cuts contemplated.

The apparent decision to *forego full-fledged credit* controls stems from a number of factors. First the Administra*tion is nervous* that *such* vulnerable sectors as cars and housing would be plunged *further into recession* (though the housing market has held up tolerably well in the face *of high interest rates over the* last six months).

Second, there is a growing *feeling that* credit *controls* would be ineffective and spark a mad rush to find alternative sources of financing.

At the same time, the word is being put out that limited use of the 1969 Credit Control Act might be implemented—perhaps as a way of enabling the Federal Reserve Board to regulate the lending activities of those banks which are not members of the Fed system or of preventing member banks *from* getting around Fed reserve requirements.

It appears likely that, in cutting spending, the *Administration* will at the very least raise the hope that the 1981 Fiscal Year *budget can be* balanced. This was a commitment by President Carter early in his White House tenure but one which had subsequently been tacitly dropped.

News Analysis ● **Mark Webster** examines the background to Nigeria's LNG agreement with W. Europe

Success of Lagos gas plan hangs on U.S. decision

THE FINAL go-ahead on the multi-billion-dollar liquefied natural gas (LNG) plant in Nigeria depends on the outcome of vital negotiations with the U.S., the managing director of the State oil company has said.

Mr. Festus Marinho, managing director of the Nigerian National Petroleum Corporation, told the Financial Times recently in Lagos that the Americans had been given a deadline to make up their minds about the project by "some time next year."

A group of eight leading West European gas distributors has already reached agreement with Nigeria for the supply of 8bn cubic metres of gas a year. The group has negotiated a 20-year contract to start gas supplies in 1984-85.

The project will need an agreement with either the U.S. or a bigger European contract before it can go ahead. The Nigerians have to guarantee to sell the entire output of the plant before it can be constructed as all the gas will be for export.

But the intention of the Nigerian Government had always been to sell all or part of the gas to the U.S. market, where it already sells most of its oil. Technical problems have arisen with the U.S. buyers, according to Mr. Marinho, and they will also have to obtain the approval of the U.S. Government to import the gas.

Mr. Marinho said Nigeria was still optimistic that agreement could be reached with the American buyers and with the Government. But he said that if no agreement were forthcoming, Nigeria would look to the European market for the whole of its exports.

The European companies which have agreed a deal with Nigeria are Gaz de France, SNAM (Italy), Ruhrgas (West Germany) Distrigas (Belgium), Gasunie (Holland), Beb Brigitta (West Germany), Enagas (Spain) and Thyssengas (West Germany).

The Nigerians have been keen to sell to the U.S., thereby concentrating their market in one place. Now they have agreed to sell half to Europe it is bound to increase their transport costs on what is already an extremely expensive project.

Total costs are put at between $10m and $14m and include the cost of construction and the purchase or hire of LNG tankers. About 16 tankers—each with a capacity of some 130,000 cubic metres—would be needed for the European deal, according to one of the companies.

The company which will undertake the processing and shipping of the gas is Bonny LNG. It is owned 60 per cent by the Nigerian Government through the State oil corporation. The remaining 40 per cent of the equity is divided between five oil companies. BP and Shell have 10 per cent each while the remaining 20 per cent is shared by Phillips, Agip and Elf Acquitaine. All but BP have companies extracting oil in Nigeria.

Each of the operating companies will prospect for their own gas and sell it at the well head to the Government-owned Nigerian Gas Transmission Company which will own the pipeline. Nigeria has expressed a willingness to give a 10 per cent stake in the pipeline company to international pipeline experts in return for their help in construction and maintenance.

The gas will then pass to the jointly-owned Bonny LNG company which will be responsible for processing and marketing the product. The Nigerian Government has reserved the rights for 50 per cent of the shipping, but has still to make up its mind about whether it will lease or buy the ships.

Supplies of gas for the project should provide no problem, according to the oil companies. The present plan envisages processing up to 2bn cubic feet of gas a day which is about the level of gas being flared every day.

Nigeria's present level of oil production is 2.1m b/d and Mr. Marinho said the Government had no intention of reducing that level in the foreseeable future. If it were decided to reduce the production level, supplies to the plant could be maintained through exploitation of the large reserves of unassociated gas.

Financing of the project is still being worked out, but most of the money is likely to come from abroad. Nigeria is still heavily underborrowed, with a debt service ratio of less than 1 per cent, although that figure will rise significantly in the mid-1980's.

The advantages of an LNG deal are the certainty of continued supplies thanks to the long-term contracts which are needed before the project can get underway. But the other major supplier in Africa, Algeria, recently doubled the price of the LNG supplied to France and is expected to revise its contracts with West Germany and the Netherlands. Algeria is keen to keep the cost of LNG in line with rising oil prices.

Nigeria has not made clear what its pricing policy will be, but has said that a price for the gas supplies has already been agreed with the Europeans and its potential U.S. customers.

Alfa Romeo-Nissan deal for joint car plant imminent

BY PAUL BETTS IN ROME

ALFA ROMEO, the Italian state controlled car manufacturing group, is expected imminently to sign a major collaboration deal with Nissan of Japan for the joint production of a new medium range passenger car at the Italian company's southern plant of Alfasud, near Naples.

After talks with the Alfa Romeo top management, the Italian engineering and metalworkers union yesterday indicated they would not oppose the deal between the Italian car group and the Japanese company.

The deal has been at the centre of a major controversy in Italy due to fears that it could represent a bridgehead for the Japanese car industry in the Italian market. In particular, opposition to the joint venture has come from Fiat, Italy's largest car manufacturer, which reported disappointing results in its car manufacturing activities last year.

While engineering union leaders emphasised they would press for greater collaboration between Italy's two main car manufacturers, Fiat and Alfa Romeo, they said they were satisfied the Alfa-Nissan deal would not threaten the Italian car industry.

Although Alfa Romeo is still awaiting formal government approval to go ahead with the Japanese deal, the unions have now seemingly cleared the way for the Italian state company to sign an initial protocol agreement with the Japanese company.

The agreement is understood to involve the setting up of a joint company between Alfa Romeo and Nissan in which the two companies would control an equal share of its capital.

The new company, entirely under Alfa Romeo management, is expected to build a new plant near Naples for the production of the new car which will also be assembled in the Alfasud complex at Pomigliano d'Arco, near Naples.

Nissan is to supply the body parts for the new car, while Alfa Romeo will supply the engine and mechanical components of the vehicle.

Australian coal mission to Thailand

By Patricia Newby in Canberra

AN AUSTRALIAN technical mission has arrived in Thailand to advise Thai authorities on conversion of their power generation and cement industries from oil to coal.

The mission follows talks late last year between Mr. Doug Anthony, the Australian deputy Prime Minister and Minister for Trade and Resources, and General Kriangsak Chomanon, the then Thai Prime Minister.

The mission is studying sites and facilities for new coal-fired power stations, capital and operating costs for new power stations, conversion of existing oil-burning equipment to coal firing, and requirements for ports and transport to enable coal-fired facilities to operate efficiently.

Australia's coal-based power generation and cement industries are considered to be technically efficient and advanced in environmental pollution control. It is keen to assist nations in the region to convert to coal as this may lead in the long run to increased sales of Australian steaming coal—coal used in power-generation as compared with coking coal used in the steel industry.

Magirus Deutz close to $250m Syria deal

BY OUR ROME CORRESPONDENT

MAGIRUS DEUTZ, the West German subsidiary of the Iveco commercial vehicles group wholly controlled by Fiat, is negotiating the construction of a commercial vehicles assembly plant in Syria and the supply of some 4,000 vehicles.

The proposed deal, which Fiat said yesterday was at an advanced state of negotiations, is estimated to involve more than $250m.

The venture envisages the assembly at the new plant of Magirus Deutz commercial vehicles supplied by the West German subsidiary in completely knocked-down packages, according to Fiat.

Fiat last January took full control of Iveco, Europe's second largest commercial vehicles group, by buying for an estimated $175m the 20 per cent shareholding held by Klockner-Humboldt-Deutz of West Germany.

The negotiations with Syria come at a time when Iveco is attempting to increase its presence in the Middle East and North Africa. It recently won orders worth about $170m for the supply of 3.00 trucks to Tunisia and last month signed an agreement for the supply of 880 trucks to Algeria and won orders for 350 buses from Egypt.

As part of its current market diversification policy, Iveco is also seeking to boost its presence in North America.

Iveco's current share of the West European market is around 20 per cent. In Italy, the group controls 84.3 per cent of the domestic market, while it has a 15.8 per cent share of the West German market, 15.3 per cent in France and 4.7 per cent in Britain.

Mitsui raises its share in Iran chemical project

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MITSUI, Japan's number two general trading company, has announced a substantial increase in its stake in the Bandar Khomeini petrochemical project in Iran.

Hitherto Mitsui has had 45 per cent equity holding in the Iran Chemical Development Corporation (ICDC), the Japanese joint venture company which holds a half share in the project (with the other half being held by Iran). Mitsui now plans to step this up to 60 per cent in order to "clarify" its responsibility for the project.

The increase in Mitsui's share will be achieved by a transfer of shares from other members of the Mitsui family of companies which are also involved in the project. Mitsui Toatsu's stake in ICDC will fall from 22 per cent to 15 per cent, while the holding of Mitsui Petrochemical will be reduced from 13 per cent to 5 per cent.

Mitsui's direct equity holding in ICDC will increase from Y10.8bn (£19.4m) to Y14.4bn (£25.9m) as a result of these transactions, but its overall involvement (including deferred payment credits and loan guarantees) is far greater.

Paris wins argument over ships

By Terry Dodsworth in Paris

THE FRENCH Government has won a long-fought battle to have a big job-saving shipbuilding contract placed in France rather than with a Japanese shipyard.

Construction of the four container ships involved should give about half a year's work to the 5,500 workers at the Alsthom-Atlantique yards at St. Nazaire.

Because of the deal's importance to one of the country's unemployment blackspots, the Government refused to grant import licences on two boats Chargeurs Delmas-Vieljeux had planned to have built in Japan, thus forcing the company into the arms of a French shipbuilder.

Since this ban was invoked last month, a bitter argument has ensued between the Government and Delmas about the terms of the investment aid for buying in France.

Whereas the Japanese were asking for FFr 80m (£9m) a ship, the French offer was only reduced to FFr 95m a vessel after extensive negotiations. This is the price after taking into account some FFr 70m of subsidies to the shipyard for each vessel, and a 15 per cent investment grant to the shipowner.

Although the authorities fought hard against granting investment aid to Delmas's, they seem to have finally given in to the shipowners' demand in order to keep the contract in France.

Japan TV hearings set

WASHINGTON — The U.S. International Trade Commission (ITC) will begin public hearings today on imports of colour TV sets from Japan and other countries.

A domestic labour-industry group known as the Committee to Preserve American Colour Television (COMPACT) will be urging the ITC to recommend that President Carter takes action to restrict imports beyond mid-1980, when bilateral "orderly-marketing" agreements with Japan, South Korea and Taiwan are to expire.

The ITC said it also would hear officials for the Electronic Industries Association of Japan, several Japanese TV set-makers, and producers in Taiwan and South Korea.

Meanwhile, a U.S. trade policy official said the Commerce Department would announce soon that the U.S. is scaling down pending U.S. anti-dumping duties against imports of colour TV sets from Japan. AP-DJ

Garuda obtains $261m loan

BY ANTHONY ROWLEY IN HONG KONG

GARUDA International Airways of Indonesia has signed a $261m loan agreement with an international syndicate of Banks in Hong Kong yesterday.

The loan was announced by Citicorp International on behalf of the other lead manager for the loan. The lead group also includes Bank of Montreal (Asia), Dresdner (South east Asia), Fuji Bank, Grindlays Asia, Societe Generale and Sumitomo Bank. The loan will be used by Garuda to purchase four Boeing 747 aircraft and related spare parts.

The interest rate is 0.75 per cent over LIBOR over 10 years.

ASEA wins £22m U.S. rail order

BY JOHN WALKER IN STOCKHOLM

AN ORDER worth SKr 210m (£22.5m) for an extra 17 high-speed lightweight locomotives has been placed by Amtrack with the Swedish ASEA company. Amtrack is responsible for nearly all the inter-city rail passenger services in the U.S. The locomotives for this new order are in for use in the north-east corridor.

The locomotives will be similar to the 30 AEM-7 being built by the electro-motive division of General Motors, ASEA's licensee in the U.S. Their design is based on the Swedish Thyristor locomotives Class RC4, but their output of 4,320 kw is 20 per cent higher and they are geared to a speed of 200 km/h (125 mph).

They will provide service speeds up to 195 km/h on the Washington-New York-Boston line and will be equipped to operate over the corridor's several different power systems.

Under the north-east corridor development project, scheduled for completion in the mid-1980s, Amtrack and the Federal Railroad Administration estimate that 47 of the new lightweight locomotives will be required to provide high-speed services.

● The Hong Kong Government has awarded a $HK44.8m (£4m) contract to a UK company for supplying and installing an overhead line to provide electricity to the Kowloon and Canton railway.

The contract, awarded to Balfour Beatty Power Construction, is part of a modernisation and electrification scheme for the 33-kilometre railway from Hong Kong to Lowu, a border town adjacent to China.

The entire scheme, costing $HK2bn (£178.4m), is expected to be completed in the mid-1980s.

Record reserves after Bank intervention

BY DAVID MARSH

BANK OF ENGLAND intervention to dampen the strength of the pound resulted in a further moderate rise in the UK official reserves last month.

The scale of currency inflows was, however, less than in December and January, as the Bank also sold dollars from the reserves last month.

The reserves of gold and foreign currency rose $229m to a record $23.93bn at the end of February. There was thus an underlying increase of $368m when new public sector borrowing of $30m and repayments of $169m are excluded.

The underlying rise compared with increases of $509m in January and $493m in December. Net currency inflows of $1.37bn in the past three months reflect a significant rise in international demand for sterling. Resulting from high UK interest rates and Britain's rising North Sea oil revenues.

The Bank of England intervenes on the foreign exchange market to smooth out excessive rate fluctuations rather than to maintain any exchange rate target for the pound.

It bought dollars for the reserves in February, particularly during sterling's run to above $2.30 early on in the month. But it gase some help to sterling when the pound went down in the second half of the month to below $2.27, which resulted in some currency outflows.

Sterling slid around 4 cents on the first two trading days of this month. But the Bank of England has remained on the sidelines, especially as the drop has largely reflected a general international move into the dollar rather than sterling weakness.

Although neither the Treasury nor the Bank of England wants the slide to become excessive, some officials are relieved that the fall will help the competitive position of exporters.

Last month's public sector overseas financings under the exchange cover scheme, comprised borrowings of $30m by British Airways and repayments of $155m by the Electricity Council, as well as small amounts by other nationalised industries.

Government urges small companies to use loan scheme

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE Government is urging small firms to take advantage of a loan scheme agreement signed yesterday with the European Investment Bank.

Mr. David Mitchell, minister with special responsibility for small firms, explained that the £20m loan agreement signed in Luxembourg means that long-term loans are now available for firms in the assisted areas which want to invest in new projects costing £34,000 or more. Half the cost can be met as a seven-year loan at the rate of 11 per cent, plus one or two per cent to cover the exchange rate risk.

The Government is anxious that smaller firms should take this opportunity, especially those which wish to borrow between £25,000 and and £50,000. Previous facilities, totalling £20m in 1978 and £30m in 1979, were usually taken up by medium-sized companies wanting loans of up to £500,000. Smaller loans are often more difficult to raise from the private sector, particularly for a long term and with a relatively low rate of interest.

Government policy towards small firms, apart from personal tax concessions, has tended to concentrate on encouragement for the private sector to provide financial schemes. The proposal for a loan guarantee scheme between the Government and financial institutions, for instance, still awaits a decision from the Department of Industry.

If the new European scheme proves popular with smaller firms, more money may be made available. The ceiling is set by the amount of loans from the EIB and the European Coal and Steel Community for which the Government has agreed to guarantee the exchange risk. This has been set at £200m until the end of 1981, of which £60m is earmarked for smaller firms. But this may be raised.

● Mr. Fiennes Cornwallis, the CBI Smaller Firms Council's chairman, called on the Government yesterday to provide substantial tax incentives in the budget. He wants to see lighter capital transfer tax and changes in capital gains tax.

Coalmen fear new price rise

By Martin Dickson

THE National Coal Board is expected to raise the price of domestic fuels "substantially" in November, on top of increases of more than 13 per cent between now and July, said officials of the Coal Merchants Federation of Great Britain yesterday.

The NCB increased the price of house coals and smokeless fuels by between 8 and 11 per cent on March 1. A second rise of about 5 per cent is fixed for July 1.

The NCB has said that it will review prices toward the end of the year.

Mr. Rex Rose, presidenut of the coal merchants, said yesterday that NCB price increases were only one element in the retail trade's increasing costs.

Others included a 12.5 per cent rise in British Rail freight charges; several hundred per cent on the ground rent for stacking coal on British Rail property; and oil price rises in recent months, greatly raising road distribution costs.

Mr. Rose said the NCB had made great and successful efforts in the past year to increase supplies of house coal. Merchants still faced a shortage of British-mined anthracite, and were importing about 100,00 0tonnes a year.

Mr. Rex Rose, president of ing about 100,000 tonnes a

The federation was generally optimistic about future demand for solid fuels.

A gradual decline in domestic coal consumption had halted, and in the past three years demand remained on a plateau between 11m and 12m tonnes.

A considerable expansion was possible, thanks in part to better fuel-burning appliances.

More orders for offshore oil supply industry

BY RAY DAFTER, ENERGY EDITOR

THE UK offshore oil supply industry is continuing to capture a growing share of North Sea orders and should receive around £1bn worth of contracts this year.

But many sectors of British industry could do much more to capture offshore contracts, according to Government officials with specific responsibilities for boosting domestic companies in the oil industry supply business.

Mr. Norman Smith, director general of the Government's Offshore Supplies Office, said yesterday that the UK industry was on course to increase its share of orders to almost 70 per cent this year as against 66 per cent in 1978 and 25-30 per cent in 1973.

He told members of the Oil Industries Clube in London that in the early 1970s consultants had found that without government encouragement and sponsorship, the British share of offshore work might rise to only 35-40 per cent by the late 1970s.

OSO, set up to aid UK industry, had cost around £2m annually in running costs over the last three years. In addition, almost £80m had been committed by the government as grants or as sponsorship for platform building sites.

"In my view OSO has succeeded in creating and maintaining jobs in the UK and has also helped to provide oportunities for UK nationals to develop offshore industry skills. However, in general I think we have been less successful in develping indigenous industrial capability or new companies," said Mr. Smith, who is returning to merchant bankers, Baring Brothers, after a three-year secondment to the Supplies Office.

There were some areas where British industry had done badly, he said. The supply of oilfield equipment and services was a particular example. Surprisingly, the UKs worst record was probably in marine activities requiring very large capital investment, such as drilling rigs, deep diving support vessels, and heavy lift and pipelaying ships.

The reasons included:

● Lack of UK risk capital for large projects.

● Too many conglomerate entrants to the offshore market which had insufficient understanding, commitment or speed of decision to adjust to changing offshore conditions.

● Too few well financed and managed medium sized UK companies dedicated to the offshore market.

● Too many under-capitalised entrants to the offshore market.

● New entrant UK companies had found it difficult to compete with the track record of established U.S. service companies.

● UK industrial relations problems, especially those arising from manning levels and practices.

EEC aid sought for airstrip

THE EEC has been asked for funds to upgrade a grass landing strip in Fife into an international centre for the repair and maintenance of light aircraft.

Sir George Sharp, chairman of the Glenrothes Development Corporation, said there would be 200 jobs if the corporation's application succeeded. Prohibitive costs at larger aerodromes had attracted three aircraft concerns ready to build hangar and engineering facilities for planes from the UK and northern Europe if a year-round tarmac runway could be laid down.

Few private pensions linked to inflation

BY ERIC SHORT

LESS THAN 1 per cent of company pension schemes automatically link pension payments to inflation, compared with 42 per cent of schemes in the public sector, according to the fifth annual survey* of occupational pension schemes by the National Association of Pension Funds.

The survey, conducted last year, covered 1,190 schemes, 997 in the private sector, 183 in the public sector and 10 in no definite category.

It covered small, medium and large funds, although the Civil Service scheme, the most famous for providing inflation-proof pensions, is excluded because it is unfunded.

Very few pensioners in the private sector are at present given automatic protection against inflation when they retire, compared with generous treatment in parts of the public sector.

The survey showed, however, that most employers were doing something about increasing pensions after retirement. About 40 per cent of schemes gave automatic increases, mostly 3-4 per cent each year, and 47 per cent gave non-automatic ad hoc increases.

Employers were making an average contribution to pension schemes of 11.26 per cent of payroll on contributory schemes and 16.98 per cent on non-contributory schemes.

Survey of Occupational Pension Schemes, 1979; £10 (non-members) from the NAPF, Prudential House, Wellesley Road, Croydon CR9 9XY.

Forecast of electricity need cut

THE Central Electricity Generating Board has reduced its forecast for electricity demand in 1986-87 by 8 per cent. This was revealed yesterday at the Vale of Belvoir coal mining inquiry.

Mr. G. Bartlett, for the board, said that earlier in the Belvoir inquiry electricity use for England and Wales for 1986-87 had been estimated at 261 terawatt hours (261m Megawatt hours). But a recent review by the Electricity Council had reduced the figure to 239.4 TWH, because of deterioration in output and falling sales.

The CEGB is the NCB's main customer, using coal to generate 70 per cent of its electricity.

Liverman to retire

Mr. John Liverman, a deputy secretary at the Department of Energy and a part-time board member of British National Oil Corporation, is to retire next month. His offshore oil responsibilities will pass to Mr. Philip Jones, also deputy secretary.

Subsidy study

Up to a third of increased subsidies for urban public transport can be taken up by increased unit costs and higher manning, according to an international study by the Transport Road Research Laboratory.

Chunnel 'by 1988'

THE FIRST trains could be running through the proposed Channel Tunnel by 1988, Sir Peter Parker, chairman of British Rail, said yesterday in an address to the British Chamber of Commerce in Paris.

Plan for schools

THE Schools Council yesterday attacked Government proposals for a "core curriculum" of basic subjects to be taught in all schools. The council, the national independent body responsible for exam and curriculum reform, said the proposals should be improved. The council said it had conveyed its views to Mr. Mark Carlisle, the Education Secretary.

Ice rink loan

THE Inner London Education Authority is to offer Mecca a £50,000 interest-free loan to help re-open its Silver Blades ice-rink at Streatham, South London—subject to reduction in admission charges for students.

Only 16 UK merchant ships still idle

BY WILLIAM HALL, SHIPPING CORRESPONDENT

LESS UK merchant shipping was laid up at the end of January than at any time since May 1975 while the size of the world merchant fleet idle is also at its lowest level.

The latest figures from the General Council of Mritish Shipping, GCBS, indicate that only 16 British ships, 1.47m dwt, were idle, and nine of these, 1.38m dwt, were tankers.

Five of the ships are very large crude carriers which belong to BP and have been laid up in Brunei Bay since mid-1978. Because of these five ships, the UK still has more tonnage laid up than any other country in the world, apart from Liberia. It has 23 ships — 2.4m dwt — laid up.

York finds competition for containers too tough

YORK TRAILERS, one of Europe's leading container and truck trailer manufacturers, is to stop production of its shipping containers. Nearly 100 of its 450 workforce at Northallerton will be made redundant as a result.

York, which has capacity to manufacture up to 60 ISO containers a week, will discontinue the line when its present orders have been met.

The company said yesterday that fierce competition in the container industry had placed UK manufacturers at a big disadvantage. Producers in the Far East claim they can supply at prices up to 50 per cent lower than those charged by UK companies.

York said there was also an overproduction of shipping containers world-wide. This, coupled with the strength of the pound, inflation and high interest rates, made the production of ISO containers no longer viable.

Twenty of the Northallerton workers will be re-deployed to trailer and van manufacture but 93 will lose their jobs.

European groups publish naphtha contract prices

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE FIRST FIGURES from a contract price-reporting system set up by five European chemical companies in a bid to counteract the effect of spot market prices on contract prices were published yesterday. The figures show that the companies pain an average of $366.98 a tonne for their naphtha raw material in the first quarter of this year.

This average contract price covered a volume of 1.453m tonnes of naphtha, the oil-based raw material vital for production of petrochemicals used in making such things as plastics and synthetic fibres.

The five companies are Imperial Chemical Industries: the French group Rhône-Poulenc; the Dutch DSM; and the two largest West German groups, BASF and Bayer.

The scheme is meant to counteract influence of the Rotterdam spot market on contract prices.

The companies believe the spot price of naphtha has had an unduly great impact on contract prices.

In the past 18 months spot market price of naphtha has overtaken the contract price.

At the start of last year the spot price was about $200 a tonne, but by the New Year it had reached the $400-a-tonne mark dragging up the contract price behind it. The spot market price has fallen back below the contract price and by the end of last month it was hovering round $345 a tonne.

The five companies hope that other large chemical groups will join the scheme. It is planned to publish the average, weighted contract price of naphtha at the start of each quarter.

Geologist's letters for £2,200

TOP PRICE in London yesterday was £2,200 for an archive of more than 350 autograph letters of the Victorian geologist, William Hutton. It was paid on the second day of Sotheby's letters and manuscripts sale, which totalled £48,971 in two days.

A document signed by Robert Stevenson made £550. At Sotheby's Belgravia auction of Victorian paintings, Horses at the Byre, signed J. F. Herring, sold for £1,800; and a view of Santa Maria della Salute, Venice, by William H. Burnett, for £1,500.

In two routine sales at Christie's, modern prints made £32,398, with top prices of £900 for A Spanish Good Friday, by Sir Muirhead Bone; and £650 for a drypoint, French Troops Resting, by Christopher Nevinson; and Japanese works of art £70,215, highest price £1,600 for a large ivory carving of A Standing Lady, by Michinaosaku.

A Bonham's silver sale totalled £25,228. An Egyptian white metal canteen of cutlery, 18 pieces, went for £1,500; and a John Lambe coffee pot of 1781 for £1,450.

SALEROOM

BY ANTONY THORNCROFT

Code of conduct for Prestel system

BY JOHN LLOYD

A CODE of conduct has been agreed among the organisations which provide information to the Post Office Prestel system, and will be published shortly.

The code includes the appointment of a complaints committee drawn from members of the Association of Viewdata Information Providers. The committee would have a roughly similar function to the Press Council. It would take up complaints, publish judgments and could, in an extremity, expel a delinquent member from the association.

The publication of the code of conduct follows, though it was not stimulated by the recent controversy over the publication on the Prestel system of a guide to pornography. The guide, published by one of the major information providers, Mills and Allen, caused concern to some MPs, Mrs. Mary Whitehouse and Sir William Barlow, Post Office chairman.

Mills and Allen has now suspended the guide. The company has done so because one of the bookshops mentioned as a source for pornographic material has been raided by the police, and may be the subject of legal action. No plans have been made for republication of the guide. The company says that it has received no complaints about the guide and had no representations to delete it from the Post Office.

However, the Post Office is keen to have the complaints committee clearly constituted and seen to be a strong and responsible body. It is anxious to make it clear that individual information providers are the publishers of data on Prestel, and that the Post Office is merely its carrier.

The code of conduct's major provisions will concern advertising and relations between the information providers. The association does not want to have a statutory or Post Office committee overseeing its operations. Thus it wants a strong and independent self-policing body from the outset.

Most information providers feel the publication of the pornography guide was unfortunate, but agree that it appeared to be wholly legal and a matter for the publisher.

Some saw Sir William Barlow's expression of concern last week as a potential breach of the corporation's stated policy of non-intervention in editorial matters. However, it is now recognised that the Post Office did not put pressure on Mills and Allen, and thus the principle remains intact.

● NEWS ANALYSIS—MICHAEL DONNE EXPLAINS THE DECLINE OF BRITISH CARGO AIRLINES

Small operators lose work to the big jets

THE decision of British Cargo Airlines to ask National Westminster Bank to appoint a receiver and manager stems not only from the airline's heavy losses in the first six months of the current financial year, but also from the likelihood that difficulties will continue.

It is a blow to the whole independent sector of UK civil air transport. Whether British Cargo Airlines can continue to operate, in a smaller form must depend upon the results of the detailed study of the business now being conducted by the receiver, Mr. Alfred Davis, of Stoy Hayward and Co.

But it follows several months of difficulties, during which British Cargo Airlines has had to lay off more and more staff—the latest 94 redundancies were announced only last Friday—and to sell some of its ageing and surplus fleet of seven turbo-propeller CL-44s, while retaining the six DC-8 jets.

It has been a rapid decline. Only last year, IAS Cargo Airlines, founded 10 years ago by Mr. Alan Stocks, who is still chairman and managing director, felt strong enough to amalgamate with Transmeridian Air Cargo, to form British Cargo Airlines as the biggest independent all-cargo operator in Western Europe.

IAS itself had operated at a profit through most of the 1970s. It began with a pre-tax profit of £15,000 in 1970-71, lost £25,000 in 1971-72, but thereafter earned increasing profits, up to £1.3m in 1978-79 on a turnover of more than £28m.

The company's financial problems began in the latter part of last year, when the soaring price of fuel, in the wake of the Iranian crisis, began to bite deeply into the world air transport industry.

As a result, for the first six months of its 1979-80 financial year, to end-September, British Cargo Airlines lost £805,000, on a turnover of nearly £15.8m. As a result of recent redundancies, staff has fallen from about 700 to a present level of about 400.

British Cargo Airlines' own fuel costs, according to Mr. Stocks, last year soared to reach over 50 per cent of total operating costs. There were also some supply problems at some places.

But the airline attributes its decline to several other factors. One is a contraction in the market for all-cargo operations, in the wake of an economic downturn itself stemming from soaring fuel costs.

It is also suggested that there has been an increase in price competition, with freight handling agents shopping around, even overseas, for the cheapest rates, a move which British Cargo Airlines has described as a bid to achieve "short-term and short-sighted economies." The UK independent operators have thus lost business to foreign competitors.

But it seems that the most powerful factor behind the declining fortunes of British Cargo Airlines—and one which is not making life easy for the few other remaining independent cargo operators at home and abroad—is the fundamental swing in the market away from them to the big scheduled airlines.

The latter, with large and growing fleets of wide-bodied passenger jets, such as Boeing 747s, Lockheed TriStars, and McDonnell Douglas DC-10s on long-haul routes, and now A-300 Airbuses on short-to-medium range routes, can offer substantial cargo space in the underfloor holds of those aircraft, enough for large containers.

Because nearly every major city in the world is served by wide-bodied passenger jets of one kind or another, and because most scheduled airlines have such aircraft in their fleets, there is now a vast network of such scheduled cargo operations world-wide.

Moreover, because the passenger loads virtually pay for this space, the cargo can be carried at rates the independent operators cannot match.

At the same time, the scheduled passenger airlines have also moved into the all-cargo field with their wide-bodied jets. Most scheduled airlines have some types of all-cargo aircraft, and are buying more — British Airways, for example, takes delivery this autumn of its first 747 all-cargo aircraft.

These all-cargo operations by scheduled airlines have mopped up much of whatever freight is left over from their own cargo operations with passenger jets, leaving little for the independents. There are now few independent all-cargo airlines. In the U.S., there are two big ones, Flying Tiger and Seaboard, and several smaller operators. In the UK, unless British Cargo Airlines is kept in being by the receiver, there will effectively now be only Tradewinds, Airbridge Carriers, Skyways Aviation, Invicta, Redcoat Air Cargo, and a new operator, TAC Heavy Lift.

But according to the International Civil Aviation Organisation, the world's scheduled airlines last year carried 7 per cent more cargo than in 1978.

Thus, the cargo is there to be won, but the independents are having to fight for every morsel

More homeless housed by local authorities

BY ROBIN PAULEY

LOCAL AUTHORITIES housed 28,000 homeless families in the first half of last year compared with 26,700 in the second half of 1978. Inner London handled the highest number, according to an Environment Department analysis.

The number of homeless families—some of which might be single people—accepted for housing in London was 7,900 in the first half of 1979 compared with 7,400 in the second half of 1978.

The ratio of acceptances of homeless families was also highest in London at about 3.0 per 1,000 households compared with 2.0 in the metropolitan districts and 1.4 in the non-metropolitan districts.

The highest figures are in five London boroughs led by Camden with 7.3 acceptances per 1,000, followed by Tower Hamlets (6.7), Islington (5.8), Wandsworth (5.5) and Hammersmith (5.2).

The highest figures outside London were in Birmingham (5.4 families homeless per 1,000), Adur, West Sussex (4.9), Hartlepool (4.7) and Cherwell, Oxfordshire (4.6).

For 42 per cent of the families accepted in the first half of 1979, the first accommodation secured was an ordinary council dwelling, a slight increase from 39 per cent in the second half of 1978. The proportion of families initially admitted to bed-and-breakfast accommodation was 31 per cent in London and 11 per cent in the rest of the country.

The proportion of homeless families with dependent children fell from 69 per cent in the second half of 1978 to 66 per cent in the first half of 1979.

About 40 per cent of families accepted by the local authorities had been living with parents, relatives or friends before becoming homeless, 15 per cent had been in private rented accommodation, 13 per cent had been council tenants and 12 per cent owner occupiers.

Shipbuilder answers critics

By Ray Perman, Scottish Correspondent

THE CHAIRMAN of Yarrow Shipbuilders, Mr. Robert Easton, yesterday answered criticism made last week of frigates built by the yard for the Royal Navy.

Speaking at the Glasgow launching of HMS Brazen, the fourth of the Type 22 frigates to be completed, he said that those who continued to knock the shipbuilding industry did Britain no favours.

Yarrow

The design of the Type 22s was criticised by a group of MPs last week because the ship was found to be too cramped to accept modern missile armaments, but ships of the class, now under construction, have been enlarged.

HMS Brazen, launched by Mrs. Francis Pym, wife of the Defence Secretary, is an anti-submarine vessel armed with torpedoes and guided missiles. She is powered by Rolls-Royce Olympus and Tyne engines.

Yarrow has an order book for naval vessels worth a total of £350m. This includes four support ships, now being built, which were ordered by Iran while the Shah was still in power. It is not yet clear whether Iran's revolutionary government will accept them.

Hidden economy not as black as it is painted, claims report

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE HIDDEN or black economy has grown less than has been suggested, according to a special article in Economic Trends, the monthly journal of the Central Statistical Office.

The study acknowledges growth in the last 20 years, but supports the view that the hidden economy is much smaller than some anecdotal evidence has implied. It indicates that although it has grown in the 1970s in relation to Gross Domestic Product, the increase is relatively small.

Mr. Kerrick Macafee of the Central Statistical Office, suggests that the hidden economy is equivalent to at least 3½ per cent of Gross Domestic Product, but probably not much higher. In current prices this means more than £7bn.

This estimate is somewhat lower than that implied a year ago by Sir William Pile, the former chairman of the Board of Inland Revenue, who said income not declared for tax purposes might amount to 7½ per cent of Gross Domestic Product.

The article says that, given the uncertainties of making estimates, it is impossible to say that one view is right and the other wrong. This partly reflects a difference of approach between looking for missing factor income within the national accounts and looking for missing tax revenue.

The hidden economy is defined as income hidden from official statistics, such as income undeclared for tax purposes and pay in the form of perks rather than cash. The undeclared than cash. The undeclared income of moonlighters and the self-employed is probably the most important component and an estimate to cover this is included in the official figures of Gross Domestic Product.

Company perks and generous expense allowances often play an important part in attracting and retaining staff. At the other end of the scale there is employee fraud and outright criminal activity, ranging from the unauthorised use of office telephones for private calls to company frauds and bank robberies.

The problems of measuring some of these activities can be immense, although the Central Statistical Office believes that if outright crime is ignored the total value of income arising in these ways is unremarkable and not likely to be growing fast enough to warrant special steps to measure it.

Legal and General home insurance up

BY ERIC SHORT

ANOTHER major insurance company, Legal and General Assurance Society, has increased its household buildings rate by 20 per cent. Starting this month, the basic rate has been lifted from £1.25 to £1.50 for each £1,000 of insurance.

Mr. Brian Palmer, the society's assistant general manager, said the rate had remained unchanged for over 50 years. The increase had been brought about by an increase in the number and value of claims and a doubling of rebuilding costs in five years.

About 150,000 householders insured directly with Legal and General, and an indeterminate number insured through building society block insurances, will be affected by the increase. The company is giving most policyholders the option of continuing to pay the old rate providing they agree to pay the first £50 of any claim, other than for fire or property owners' liability.

UK NEWS—LABOUR

Change in style at Longbridge

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE ELECTION of Mr. Jack Adams as convener at Longbridge, BL Cars' biggest plant, with 18,000 workers, could mark a change in style rather than substance, following the controversial dismissal of Mr. Derek Robinson.

Like Mr. Robinson, Mr. Adams is an active member of the Communist Party. The two men, though from different trade unions, have become close colleagues over recent years, standing together on all key issues.

Mr. Adams, as a leading officer of the unofficial BL Cars' shop stewards combine, was one of the signatories to the document that provoked the company to sack Mr. Robinson. But unlike Mr. Robinson, who is a member of the Amalgamated Union of Engineering Workers, Mr. Adams can point out that his general secretary, Mr. Moss Evans, of the Transport and General Workers' Union has supported the document and its opposition to the company's rationalisation plan.

Mr. Adams, was cautioned rather than dismissed and says he has not been intimidated.

Mr. Adams, who, at 45, has emerged as one of the top union men at Longbridge in the past three years, still has to acquire the authority achieved by his predecessor.

He joined Longbridge as an upholsterer 24 years ago, and quickly became a shop steward. But unlike Mr. Robinson, who was influenced by Mr. Dick Etheridge, the Communist convenor at Longbridge for some 30 years, Mr. Adams was a fairly late recruit to the Communist Party.

He says he switched from the Labour Party some six years ago. "There was no sudden flash of light. It was more the accumulation of many years of disillusionment.

"I think workers should have a feeling that the industry in which they work is theirs and that they can have some control and influence. There is very little industrial democracy in this country, and the idea of worker-participation at Leyland is already dead."

His leadership qualities are likely to be put to the test over the next few months when at Longbridge the management must implement new work practices quickly—ready for production of the Mini Metro to be launched in October.

Mr. Adams says that any attempt by the company to implement the deal without first negotiating an agreement with the union leaders would lead to shop-floor resistance.

BL seeks new work attitudes

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

IN ITS 92-page pay deal now on offer, BL is seeking changes in attitudes to work that have become entrenched within the company over two decades and are also prevalent throughout many sectors of British industry.

BL's problem is the greater, as it is an amalgamation of some 36 factories, each with differing histories and labour relations practices.

Mr. Geoff Armstrong, BL Cars' employee relations director, said the offer document runs to 92 pages largely because of the need "to sweep up the residue of the past." The management wants to standardise payment systems and work practices throughout the company.

Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, dismisses the document, however, as "a ragbag of everything the unions have negotiated and rejected over the past 10 years."

The gulf between the two sides remains as wide as when negotiations opened more than four months ago, with the unions totally opposed to the company's demands for fundamental changes in working practices.

The arguments are complex, and simplification difficult, but controversy centres in the main upon four issues: mutuality, teamwork, flexibility and mobility.

MUTUALITY—This is the ability of shop stewards to haggle about work content and effectively control manning levels and the speed of the job.

The company insists that industrial engineers—popularly known as time-and-motion men—should have free access at all times to investigate working methods and to ensure production is carried out in the most efficient way. The aim is to standardise working methods and raise the performance of the laggardly areas to that of the most efficient, and Mr. Armstrong is determined that shop stewards should not have the power of veto.

He says that at Leyland Vehicles — BL's truck and bus company—the restrictive element of mutuality was removed in 1974. "Workers there are no longer afraid of the industrial engineers. Employees realise they can be a help in raising efficiency and improving working methods."

TEAMWORK: This concept is already practised in a number of factories, but will be crucial to the successful launch of the Mini Metro, soon to be introduced at Longbridge.

The £275m investment in the Metro has involved the building of highly-automated assembly lines, where robots will carry out the most arduous and unpleasant tasks.

Workers, instead of being stationed at one position on the track engaged on a single repetitive operation such as fitting wheels, will perform in a team of perhaps 20 to 30 people. The aim is to enable workers to alternate between different jobs, and as a team, assume greater responsibility for their own section of production.

FLEXIBILITY: In order to reduce breakdowns and ensure a more efficient maintenance service, the company wants to cut down the demarcation between trades. At present, for example, before an electrician can rectify a simple fault on a machine tool, he might have to call in a pipefitter to dismantle the hydraulics and a tool fitter and millwright to remove other parts. The company says the amalgamation of related trades would not reduce the demand for skilled workers, who are already in short supply.

Such changes are sensitive in the motor industry, with its tradition of a large number of trades, some of which have been reduced in importance by technological advances. There is also the provocative issue of members switching from one union to another.

MOBILITY: The company wants the freedom to switch workers quickly from one job to another, both to ensure continuity of production and to avoid potential disputes in the introduction of new machinery or models.

Currently, high absenteeism on a particular morning could prevent the start up of an assembly track. Management would have to negotiate with both shop stewards on the track to accept labour from another area and with the men required to move. The track and the workers remain idle, while such negotiations proceed.

Other changes required by management include more flexible shift working and a reduction in overtime. The company has appealed for an end to restrictive practices on overtime, such as the "one in, all in" rule applied by many shop stewards.

Union negotiators, while supporting the need for productivity improvements, maintain that the freedoms sought by the management in its document are far too sweeping and would undermine shop steward organisation within BL factories.

'More time to do less'

BL CARS workers spend more time at the factory but do less work than Continental competitors, according to a joint study undertaken by management and the trade unions.

The study was made two years ago, but management points out that BL's relative position has subsequently deteriorated.

The study, which looked at Renault, Simca and Volkswagen, found that continental plants were productive for 67 to 75 per cent of the time during a 40-hour week. By contrast, BL factories were productive for only about 45 to 55 per cent of the time.

Among reasons for the difference were:

- **More non-productive time is needed at BL to overcome breakdowns and problems caused by old plant and machinery.**
- **Time allotted by Leyland for particular tasks is invariably exceeded. Factors here are late starting and early finishing, materials shortages, work-to-rules, and go-slows.**
- **Too many disputes and damaging after-effects, including delays to new model launches.**
- **Varying and more generous time standards set for the performance of operations.**

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFSHORE INDUSTRIES

Getting into deep water

AN UNMANNED underwater inspection vehicle and a new diving pack are being shown at the Oceanology International Exhibition, Brighton, which remains open until March 7.

Seapup is powered by a 1.5 hp electric motor which drives four controllable pitch propellers to give a maximum thrust at full ahead of 80 lbs which produces a speed of at least three knots, depending on the type, diameter and length of cable deployed.

A remote reading Sestrel compass and Sonardyne depth meter with digital readout are also fitted as standard, while space payload and spare multiple circuits are available for operating other equipment, such as navigational responder, pinger dropping system, still or movie cameras and flash units, and an altitude echo sounder.

Feature of the vehicle is the high speed-to-power ratio says Underwater and Marine Equipment, 18 Farnborough Road, Farnborough, Hants (Farnborough 45954).

Developed for professional deep sea diving is Deep Dive 500, said to be the first British self-contained re-breathing system designed to conserve the helium gas used in the breathing mixtures necessitated by the operational depths of saturation diving.

In this application, it saves 70 to 90 per cent of the breathing and ventilation gas normally supplied to the diver, compared with open circuit systems in equivalent operations, says Normalair - Garrett, Yeovil, Somerset (0935 5181).

This saving is achieved by recirculating the diver's breathing gas. Expired gas passes through a scrubber, where the carbon dioxide is absorbed, and then to a sensor which operates an electronic control to replenish the oxygen level automatically.

Normally, the umbilical supply is used to make up system losses that occur, for example, with changes in depth, thus eliminating dive: termination due to lack of diluent. Should the umbilical fail, Deep Dive 500 can function as a self-contained life support system.

● DATA PROCESSING

World-wide financial negotiations speeded

CAPITAL issue operations involving $25m by the UK's Co-operative Bank used a computerised telex operation to transmit messages to more than 450 financial institutions throughout the world in only one-twentieth of the normal time.

Issue work was managed by London and Continental Bankers, who entrusted the telex operation to Lydiastar of Hatton Garden, EC1.

The initial phase took place over a weekend in early December when the original offers to subscribe to the issue were telexed around the world in a ten hour operation. The manual method of telexing on one machine would have taken 11,000 minutes and would have meant that the last recipients of the message would have been informed over a week later than the first.

Lydiastar's unique system is a combination of an ITT ADX 6100 message switcher, using 20 telex lines, and a powerful word and data processing system, a Jacquard J100 Videocomputer with special software developed jointly with Hallmark Computers.

Financial institutions' names, telex numbers and personal details are first stored in a database in the Jacquard. Personalised telexes, with a standard text merged with variables, are then produced by the computer and fed into the message-switcher for transmission. Details in each telex can be altered depending on the amount of capital each institution is being invited to subscribe for.

After London and Continental Bankers had received telexed applications, a second phase began with telexes being transmitted to applying banks, accepting their offer for varying amounts. Again each telex was individualised as required.

Following confirmation from the subscribing institutions that they wished to proceed, a third round of telexes was issued through Lydiastar by London and Continental to confirm acceptances. Finally the computer was used to produce address labels to enable the full issue documentation to be mailed to more than 100 banks who had subscribed for the issue.

Lydiastar and Hallmark Computers are now developing a complete package for merchant banks to enable them to set up the same computerised telex facilities in-house, including the software system, ITT 6100 message-switcher and Jacquard J100 Videocomputer. Similar systems are also being developed for use by transport and travel companies needing to inform agents of up-dates on prices and services.

Lydiastar is at 84, Hatton Garden, London, EC1. 01-405 705?

New packages from Geest

THREE TEXAS Instruments based products are the first hardware to be announced by the newly-formed Geest Micro Systems division of Geest Computer Services.

To complement the new systems, which are known respectively as the G-3, G-4 and G-5, the company has announced its first applications packages for part-time and small to medium-sized users.

The new applications packages are an integrated suite of financial and accounting packages, including stock recording for small to medium-sized retail and wholesale users, plus a comprehensive set of packages for civil and structural engineers.

Priced from around £8,500, the equipment is easy to use and has as standard "conversational" capability which is particularly useful for small retailers and wholesalers in many industries where stock control is essential, and for engineering consultancies requiring immediate solutions. The systems can operate in stand-alone form as small business systems or via communications links to other Geest systems in a distributed processing system or to a large host computer.

All the systems use a 64K RAM processor and provide floppy disc storage; the larger G-5 also provides hard disc storage up to 200 Mbytes capacity for more extensive applications.

The largest systems offer multi-tasking so that more than one job may be handled at the same time. They can be interrogated by a number of visual display terminals. The systems all offer the basic language and the larger ones Fortran and Pascal.

Integrated accounting and financial packages include purchase, nominal and sales ledger, plus payroll. A stock recording package is also being offered for small- to medium-sized retailers and wholesalers.

The new library of engineering packages for civil and structural engineers will comprise some 15 packages with others already planned.

Geest Computer Services, White House Chambers, Spalding, Lincs., PE11 2AL. 0775 61111.

● VENTILATION

Bad odours removed

OFFERED TO solve problems where rooms and offices do not have air-conditioning is an air-ionisation unit developed by Bentax of Switzerland and available in the UK from the company at Merit House, Edgware Road, Colindale, London NW9 (01-200 6842).

Known as the Bentax model BK-300, the unit also neutralises food and cooking smells; reduces the airborne dust likely to be inhaled and decontaminates and deodorises the air, says the maker. Risks of infection in doctors' waiting rooms, shops and restaurants are also reduced.

● PRINTING

Contributes to better colour

PRODUCING quality newspapers and commercial printing on the same equipment can be achieved through ultra violet drying, pioneered in Europe at Swales Press in Widnes.

A Wallace Knight UV drying system was installed in December on a six unit Harris 845 press and is now in operation.

An investigation in early 1975 led Swales to believe that a market existed for high quality newspaper in full colour. To this end they installed the Harris press in December 1975, a machine capable of producing a 48 page tabloid with 16 pages in full colour in one pass. At that time the press was cold-set and it was realised that some form of drying would be required.

There is a market for better quality newsprint with good colour ads that have high rub resistance. Running cold, however, web offset newspaper production is subject to problems with marking. It is also limited to lower film weights on a restricted range of substrates.

Ultra violet was the logical choice for several reasons, not least of all, space. The dryers had to fit in only 24 inches between units. The webs pass through the first four printing stations for process colour and the last two for black and spot colour. The initial installation is between units 4 and 5 to dry full process colour at 1,500 ft./min. and it is planned to extend the system to the last two units later in the year.

The system comprises eight lamps, four each side of the web, designed for 300 watts/linear inch although usual running is at 250 watts/inch.

Capital cost was considerably less than that of gas which, in any case, could not have been incorporated into the press without major modifications.

Wallace Knight, 515 Ipswich Road, Trading Estate, Slough, Berks. 0753 28151.

● SECURITY

Protecting computers

SPECIALISTS IN computer security IMACS (Security) have been looking at operations in insurance companies with regard to the vulnerability of large computer installations.

Findings include frequent inadequate protection and under - insurance against disasters.

On this basis, comprehensive sets of literature to be issued as notes, guides and checklists to delegates have been prepared for a conference in April.

They cover: reasons why disasters occur; levels of disaster costing; personnel in data processing disasters; protection against computer fraud and a range of other related topics.

Most companies appear to be over-protected against fire and flood, but a survey of computer disasters by the Stamford Research Institute, carried out in 1978, showed that this kind of hazard was the cause of only 4 per cent of 355 cases that were studied. On the other hand, over 90 per cent were the result of malicious damage.

Top of the list in terms of statistical frequency and scale of damage is the lack of control over the manual handling of inputs and outputs. Fraud comes sixth, but it is estimated that fraud is a threat that is growing at a rate of 400 per cent a year.

The FBI has recently declared in the US that only about 9 per cent of computer frauds are actually made public, either because they are too difficult to detect or because, once detected, the victims of the fraud find it advisable from a commercial viewpoint to keep the experience secret.

Costings carried out by IMACS tend to prove each time that companies are insuring only 50 per cent of what would be the real costs of a disaster. In the event of a partial disaster insurance companies only pay pro rata to the level of cover, even if the total insured figure is more than the damage sustained. Half cover will mean half reimbursement for the level of damage.

Based on a large computer system of the IBM 370 or DEC System 10 type, re-instatement of a computer department after a total disaster could take from five to seven months of stand-by operation, and cost close to £3½m.

IMACS (Security), Southfield House, 11 Liverpool Gardens, Worthing, West Sussex, BN11 1BR. Telephone: 0903-206652.

● PROCESSING

Produces gas and fodder

CERTAIN TYPES of agricultural waste (i.e. cattle manure) can be transformed into methane gas and fodder with a process developed in Israel, says Kibbutz Industries Federation, 8 Shaul Hamelech Street, Tel Aviv.

Apart from methane gas, the system yields a high quality slurry which is currently being used as a food supplement in fish farming and cattle fodder, able to replace 50 per cent of the expensive fishmeal and 24 per cent of conventional cattle fodder.

Bacterial and viral characteristics of the slurry have been examined at all stages and, says the Federation, it is decisively ascertained that there is no danger either to the fish and livestock or the meat for human consumption since the pathogenic influences have been destroyed or reduced below any possible danger levels.

Slurry can also be used as an improved fertiliser since — in addition to having lost most of its objectionable odour—it is in a homogeneous form, making distribution simple and efficacious.

Possibility of deriving various industrial products from the slurry, and of utilising other kinds of agricultural waste, are being examined.

At Kfar Giladi, Israel, a 200 cubic metre system is in operation. Based on the manure of 600 head of cattle, this produces enough energy to meet the needs of a community of 700 people (including home industries and services). This does not, however, include mobile equipment such as cars or tractors.

Minimum size for the system, which includes equipment for moving the manure and the digestor system, is 150 head of cattle. Installation is based on 500 cows and will cost about US$200,000, according to the buyer's specifications. Costs are reduced due to the fact that in contrast to other systems, the process does not call for the addition of water to the waste thus allowing for smaller containers.

Cost of the methane gas is said to be equal to that of industrial fuel oil, while the fodder and fertiliser represent clear profit.

The Federation announces that the U.S. Department of Energy has shown an interest in getting a demonstration plant, and inquiries about the system have ben received from France, Spain and Italy.

● INSTRUMENTS

New design of recorder

A LONG acknowledged difficulty with the traditional methods of waveform recording on paper is that the deflection components—galvanometer mirrors for example — have mass and are frequency limited. They also often have a deflection error due to the different path lengths to the paper.

Both of these shortcomings are removed in a new design of recorder from Bell and Howell, the HR2000.

Light source in this machine is an ultraviolet lamp at the focus of a concave mirror, the two producing a line of light across a dimension equal to the width of the paper. This "sheet" of light passes through, in sequence, a horizontal polarising filter, a special segmented gate and finally a vertical polarising filter.

Since the two filters are opposed no light normally passes through the system. However, the gate consists of a very finely spaced comb of elements made from a crystalline material able to rotate the plane of polarisation when a voltage is applied to it.

When any one of these is energised its effect is to shift the polarisation plane at that point along the comb, effectively allowing light to pass through the second filter. A spot of light falls on the paper behind, having been focused by a cylindrical lens.

The filter comb elements are spaced at 80 to the inch and they can be switched at high speed, allowing linear high frequency traces to be recorded on the paper.

Incoming analogue signals are sent to a voltage-to-time converter. This circuit impresses the data on a ramp voltage which assigns the signal to a specific gate—in fact a sequence of gates—in accordance with the original amplitude to time relationship. The final result is a trace recording of the original data waveform.

An "extremely high" order of linearity is claimed by the company, even when the trace is over the full 12-inch paper width. Transient and step function data is faithfully reproduced via wideband electronics and the sinewave response is from DC to 5kHz.

A universal paper transport design allows the use of any standard size of paper roll up to 12 ins wide and three inches in diameter across which up to 28 channels can be accommodated. But smaller widths may be used for economy.

Operational facilities include interval timing and trace identification, automatic record length, coarse/fine grid line selection and continuous paper speed selection from 0.01 to 125 ins/sec.

Bell and Howell, Electronics and Instruments Division, Lennox Road, Basingstoke, Hants RG22 4AW (0256 20244).

Lonrho fails in plea for documents

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LONRHO has sufferd another setback in its £100m egal battle over alleged Rhodesian sanctions-busting ·y multi-national oil companès.

A High Court jdge yesterday upheld a :laim that documents produced by Shell and BP for the Bingham inquiry are covered by Crown privilege and cannot be mae public.

Lonrho, which sys the documents are crucial to its case, will challenge theruling in the Court of Appeal nxt Monday.

Mr. Justice Roert Goff said the documents hd only come into existence bcause of the Bingham inquiry Shell and BP had been given assurances of confidentiality to encourage co-operation.

Such assuranes were understandable whenan investigation might impinge n areas of great sensitivity. It ·as in the public interest that hey should be given, and, one given, that they should be honoured.

If they wer not, the kind of co-operation ;ven by Shell and BP might nt be forthcoming in future inqiries.

The courthad said immunity from discloure should not be given merly to encourage candour. ut the present case went far byond that. The information contained in the documentshad not merely been given in onfidence but was of a kind neessary to enable Mr. Tom Bingham, QC, to perform his important public function to the fullest extent.

It would not have been forthcoming if Shell and BP had not received assurances of confidentiality, said the judge.

The public interest in maintaining confidentiality outweighed the public interest that all material documents should be before the court in civil proceedings.

Lonrho's application for disclosure of the documents was dismissed with costs.

Last month the Appeal Court upheld Mr. Justice Robert Goff's rejection of Lonrho's claim that Shell and BP should be compelled to disclose documents belonging to their subsidiaries in Rhodesia and South Africa. Lonrho's appeal against that ruling is to be heard by the House of Lords on April 21.

Lonrho's claim against Shell and BP is to be arbitrated in June. Its action against 27 other oil companies has yet to come to court.

The action arises out of alleged breaches by the oil companies of a 1962 agreement, under which oil for Rhodesia was to be channelled through a Lonrho pipeline.

Lonrho also alleges a conspiracy between the oil companies and the illegal Rhodesian regime to ensure the success of UDI by the continued supply of oil by means other than the Lonrho pipeline. The oil companies deny the allegations.

Call for cut in wine tax

By Gareth Griffiths

WINE merchants have told the Government that the tax on wine should be cut by 23p a bottle in the Budget to prevent sales falling alarmingly.

The Wine and Spirit Association warned yesterday that merchants face cash flow problems because of Government policies and lower demand for wine in the past six months.

Mr. Vincent Larvan, the association chairman, said the rise in wine duty of 333 per cent since February, 1974, was far ahead of the general rise in prices. The Excise taxes stood at "penal rates."

The association has again argued for a six-week deferment of duty for wine to bring it in line with beer, cider and tobacco. Mr. Larvan estimated the lack of deferment cost the trade about $160m a year, with a disproportionately high percentage falling in the last quarter of the financial year.

The association is worried by sales so far this year. The trend since last autumn has been of a steady decline in the rate of increase, and there is a strong possibility that sales could actually fall this year.

There is also concern at the high level of stocks merchants are carrying as a result of disappointing sales at Christmas.

JAMES McDONALD LOOKS AT RECENT SUCCESSES IN THE WAR AGAINST CRIME

Reduction in attacks on security vans

THE Metropolitan Police is proud of the reduction last year in the number of attacks on security vans. In the London area attacks fell 20 per cent from 153 in 1978 to 122 last year. The amount of money stolen fell 42 per cent to £1.5m.

Success in combating this type of crime seems to have been repeated elsewhere in Britain, although the reduction is smaller because most attacks occur in the Metropolitan area. The British Security Industry Association with six members—Securicor, Group 4, Security Express, Mint Security, Armourguard and PPR Security—records on a different statistical basis a countrywide drop in attacks last year of 14, from 168 in 1978 to 154 in 1979.

Mr. John Wheeler, MP, director-general of the association, says that nationally money stolen dropped from £2.6m net (after recoveries of £370,000) in 1978 to £2.3m net (after recoveries of £500,000) last year.

To the public £2.3m still seems to represent a considerable criminal achievement. But the security companies say it represents an extremely small proportion of the total cash carried by their 2,250 high security vehicles. The total cash carried is estimated to be between £65bn and £70bn a year.

Securicor, much the largest of the companies, has paid tribute to police success — aided by the growing use of informants. The number of attacks on Securicor high-security vans dropped last year to 87 from 130 in 1978.

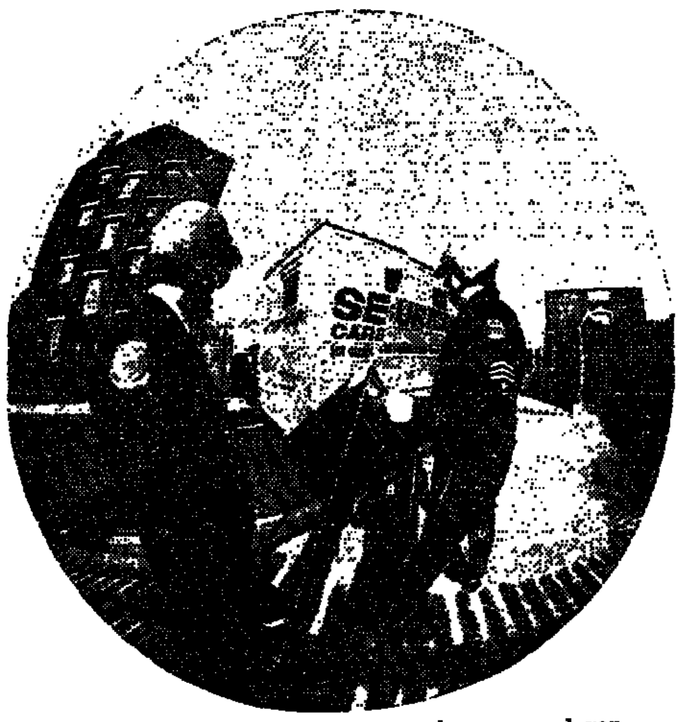
It is estimated by Securicor that its 1,600 armoured cash-carrying vehicles carried more than £45bn last year. Much of this, the company said, is in a "grey" area — that is, money collected from banks and stored in vaults over the weekend and then returned. However, it is still cash-in-transit and, so, vulnerable.

Group 4, with its fleet of 300 high security vehicles, is more reluctant to estimate the volume of cash it carries but the company said "it must be many millions of pounds a day."

Group 4 experienced more attacks last year, but a larger number of these were unsuccessful. The total of 23, with six of them unsuccessful, compared with 15 in 1978—two of them unsuccessful.

Firearms are being used increasingly in attacks on vans. Another trend noted by Securicor is that, since limiting the amount carried in individual boxes, there has been a decline in "across-the-pavement" attacks. "They are going for the vans now," said the company.

The number of armoured van crewmen in the industry is less than 10,000. Securicor employs



Securicor guards elivering money by armoured van

between 4,000 an' 5,000, although there is bck-up on escort duties.

Crewmen employe by the six member companis of the security associatin carry no offensive weapons "We have never considered arming our men with fearms, nor approaching the Home Office for permission," says Securicor. "The situation would become even worse if our men were armed."

Nor, for some years now, have the security men on cash-in-transit carried truncheons. "They are cumbersome, of no real use, and an embarrassment."

Defensive weapons are not carried either. "We only equip our men with hard hats, protected at the base of the neck, and with goggles against ammonia sprays," says Securicor.

With the amount of money carried, the reliability of van crews is, of course, relevant. Mr. Wheeler has said that, in this country, a private security organisation does not have access to criminal records—nor does it seek it.

But, all association members have firm rules on screening prospective employees and each processing costs several hundred pounds. No lie-detector equipment is used. Mr. Wheeler describes the device as "no more than an expensive toy." But the employment record of any prospective employee is analysed for the previous 20 years, or back to school-leaving age. Any unexplained gap in employment is immediately suspect.

Ex-service personnel are popular with security organisations because of the availability of their service records. Unfortunately, supply does not meet demand. The organisations, with their other security operations including internal alarms and radio work, are also seeking men with technical training from REME and the Royal Signals.

International starts laser check-outs

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TWO MAJOR supermarket chains have started a full-scale experiment with new laser-scanning electronic check-outs.

International Stores, the BAT Industries' supermarket subsidiary, yesterday introduced the new check-out systems to its Folkestone superstore. This follows an experimental scheme launched last week by J. Sainsbury at its supermarket at Broadfield, on the outskirts of Crawley.

The first laser-scanning check-out system was launched last autumn by Key Markets at its superstore in Spalding, Lincolnshire. Tesco and the other major supermarket groups are expected to lauch their own systems shortly.

The new laser-scanning systems, already widely in use in the U.S. and Europe, use a low-power laser beam to read a special bar-code printed on each grocery product. The price is automatically retrieved from the central computer and shoppers are given a receipt listing the items bought.

According to a new survey published today by the Institute of Grocery Distribution, retailers anticipate that the main benefit will be improved checkout administration. This includes extra information for totalling checkout takings and more detailed data on goods sold.

But, in the longer-term, retailers expect to make substantial cost savings from improved stock control, less employee and customer theft, and the availability of more marketing information of product sales.

Manufacturers, who have to print the special bar-code on each product—which represents a 13-digit identification number unique to each product—also support the introduction of the new technology. The institute's survey showed that some 60 per cent of manufacturers anticipate benefits in such areas as better movement of stocks, a reduction in salesmen's time in a store and the exchange with supermarkets of information on the volume of products sold.

* *Survey of Point of Sale Systems; published by the Institute of Grocery Distribution, Letchmore Heath, Watford, price £45.*

Fine Fare challenge with discounts on groceries

BY OUR CONSUMER AFFAIRS CORRESPONDENT

FINE FARE, the Associated British Foods supermarket subsidiary, yesterday fired another salvo in the High Street prices war with the launch of a new range of low-price products.

The chain, which has already frozen the prices of 100 lines until Easter, is promoting 33 popular grocery products with discounts of 10 to 15 per cent. These items will be packaged in bright yellow materials.

Cheaper packaging or special rates negotiated with manufacturers have enabled Fine Fare to offer the range.

Fine Fare has about 5 per cent of the packaged grocery market, compared with some 14 per cent for Tesco and 11 per cent for J. Sainsbury.

A similar "no frills" scheme has been successfully operated by International Stores under the brand name Plain and Simple.

UK NEWS—PARLIAMENT and POLITICS

Gilmour rejects Rhodesia criticism

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TORY right-wingers launched outspoken attacks on the Government's Rhodesian policy in the Commons yesterday when **Sir Ian Gilmour**, deputy Foreign Secretary, made a statement confirming Mr. Robert Mugabe's election victory.

But the criticisms were firmly rejected by Sir Ian who said that the exceptionally high turn-out showed the confidence of the Rhodesian people in the conduct of the elections and the secrecy of the votes.

Several Tory backbenchers disassociated themselves from the critics and congratulated the Government on its handling of the situation.

The Government also received the firm endorsement of the Labour and Liberal spokesmen.

In the Lords, a very cautious line was taken by **Lord Carrington**, Foreign Secretary, who warned against any premature celebration of the election result.

"Congratulations are only due when we see that the outcome of this has been a free and fair multi-racial society operating in peaceful conditions," he emphasised.

"I don't think success has been achieved until we see what happens in the new Zimbabwe."

In the Commons the strongest backbench onslaught on Sir Ian came from **Mr. Julian Amery** (Con., Brighton Pavilion) who said that Mr. Mugabe's victory represented a major defeat for the West.

He said the election result brought Soviet influence to within a few hundred miles of the mineral resources of South Africa on which Western and Japanese industry depended.

"To that extent, it is comparable to the danger posed by the Soviet take-over of Afghanistan," Mr. Amery declared.

He maintained that Mr. Mugabe's victory owed much to the systematic destruction of Bishop Muzorewa's authority by the British Government.

"*Isn't it time to embark on a total revision of British policy towards Central and Southern Africa?*" he demanded.

There were some Tory cheers of support for Sir Ian when he said he totally disagreed with every part of Mr. Amery's question.

"To say that free and fair elections are a major defeat for the West is surely not a very Western attitude," said the deputy Foreign Secretary.

"I have no evidence at all that Mr. Mugable is under Soviet influence—quite the contrary."

There was no parallel whatever with Afghanistan and to say that the Government had systematically destroyed Bishop *Muzorewa was totally unjustified* and an absolute travesty of what had taken place in the election.

Mr. Ronald Bell (Con., Beaconsfield) said that real elections with universal suffrage in Africa were an illusion. He wondered whether the Foreign Office was still living in a dreamland about the late Jomo Kenyatta of Kenya at a time when it had just forged another Nyerere or worse.

Sharply, Sir Ian replied that it was Mr. Bell who was refusing to face the facts. There had been overwhelming evidence that the elections were free and fair. The elections might have been an illusion to Mr. Bell, but they were a reality to everybody else.

Mr. Michael Brotherton (Con. Louth) complained that a victory by Marxists could hardly be described as favourable to the West. Bishop Muzorewa was entitled to feel a bitter and disillusioned man.

In view of the proximity to South Africa of a new Marxist state, Mr. Brotherton wanted to know what discussions the Government was having with the South Africa authorities with a view to protecting our interests, particlarly about the Cape route.

Sir Ian told him: "I don't think it is a great asset to clear thought to tie labels on people or to states. We don't yet know the exact form of this Government. To believe it is a Marxist Government seems to be totally fallacious."

As to the protection of trade routes, he thought Mr. Brotherton should remember that Rhodesia was a land-locked country.

Dr. David Owen, the former *Foreign Secretary, speaking* from the Labour front bench, in the absence in Rhodesia of Mr. Peter Shore, wanted to know how long it would be before the final declaration of Rhodesian *independence.*

Sir Ian replied that he could not say exactly. This would depend upon the actions of Mr. Mugabe informing his Government.

Peers were told by the Foreign Secretary that he had already sent messages to the neighbours of Rhodesia asking them for constructive help in the problems which face Zimbabwe.

"So far, the elections have been free and fair," said **Lord Carrington**. "But it would only be successful if the new Gov*ernment uses the power it has* for the benefit of all the people justly and wisely for a multi-racial society."

He had been greatly encouraged by statements made *yesterday by Mr. Mugabe and if these policies were followed* it would lead to the reconciliation which was so necessary for Rhodesia.

"Certainly, it will be the *object of the Government to* help in the transition period," he said.

Thatcher avoids congratulations

THE PRIME MINISTER avoided offering congratulations yesterday to Mr. Mugabe *on his election victory.* She said it was usual to do that on the day of independence, but she wished the "whole of Zimbabwe" well in forming a government.

***Later Sir Ian Gilmour* agreed that it was normal to offer congratulations at the time of independence, but added: "Of course, we congratulate Mr. Mugabe on his *victory.*"**

His brief remark brought jeers of "cheer up" from the Labour benches.

Mr. Francis Pym, *Defence Secretary, welcomes home the* British monitoring force from Rhodesia

Tory unease on high level of MLR

By Ivor Owen

UNEASE ON the Tory backbenches over the continuing high level of Minimum Lending Rate was again reflected in questions to the Prime Minister in the Commons yesterday.

The theme of the first Airey Neave memorial lecture which she delivered on Monday—the need to accept economic realities—was taken up by Mr. **Geoffrey Rippon** (Con., Hexham).

In a reference to replies made by other Ministers 24 hours earlier, he asked her to dispel the illusion that 17 per cent MLR helped to contain inflation and had little or no effect on the exchange rate.

Mrs. Thatcher assured Mr. Rippon "No one can be more anxious to get down the 17 per cent interest rate than I am."

She went on to reiterate her view that the best way to reduce MLR was for the Government to take less of the supply of money into its own coffers, and to borrow less.

Mr. Kenneth Baker (Con., St. Marylebone) referred to Monday's three cent fall in the value of sterling against the dollar and congratulated the Prime Minister on having resisted earlier pressure for an increase in MLR.

He asked the Prime Minister to ensure that the Bank of England did not react to Monday's depreciation in sterling by increasing MLR.

Mrs. Thatcher acknowledged Monday's fall and agreed with Mr. Baker that it was never possible to have artificial restraint which resisted the market for long.

If inflation was to be brought down the most important thing was to control the money supply and this was the prime objective of Government policy.

Mr. Nicholas Baker (Con., Dorset North) urged the Prime Minister to dispel the illusion that the nation could afford to pay wages in the public sector which conformed with the rate of inflation.

Mrs. Thatcher answered: "I agree that none of us can automatically have pay indexed to inflation because the country has to earn its keep."

As for the public sector, she pointed out that the Government was still having to "pick up the tab" for recommendations made by the Clegg Commission

Mugabe's victory 'not the ideal outcome'

BY PHILIP RAWSTORNE

AS MR. MOLOTOV said, the trouble with elections is that you can never be sure of the result.

Mr. Robert Mugabe's victory in Rhodesia yesterday was clearly not regarded as the ideal outcome on the Conservative benches.

Mrs. Margaret Thatcher contrived to congratulate everyone involved except the winner. She never even mentioned his name.

Formal congratulations were usually reserved for Independence Day, she told the Labour MPs who pressed her for a word of welcome.

Lord Carrington, the Foreign Secretary, surveying the results of his handiwork, suggested in the Lords that celebrations would be premature.

Right-wing Tory MPs were* markedly less restrained in their reception—a Mugabe Government was not what they had expected and definitely not what they *wanted.

Mr. Julian Amery, a former Foreign Office Minister, called it "a major defeat for the West . . . comparable, in the danger it poses, to the Soviet take-over of Afghanistan."

The Government, he alleged, had done much to bring it about by its systematic destruction of Bishop Muzorewa's authority.

Sir Ian Gilmour, the Lord Privy Seal, was almost as derisive as Labour's laughter.

To suggest that free and fair elections were a major defeat was surely not a very Western attitude, he replied.

To compare Mugabe's victory with events in Afghanistan was totally unjustified, he said to a warm cheer from other Tory MPs.

Sir Ian more or less admitted that the results had not been entirely foreseen by the Foreign Office—"We have not ruled Rhodesia since 1921 so it is not very surprising that we are not very well aware of opinion there."

But the Deputy Foreign Secretary greeted the illusions of the Tory Right wing with some disdain.

Mr. Ronald Bell (Con., Beaconsfield), who accused him of "forging another Nyerere or worse" was advised to face facts.

"The free and fair elections may have been an illusion to you but they were a reality to everyone else." Sir Ian said.

Mr. Michael Brotherton* (Con. Louth), who called on him to safeguard the Cape trade routes against this new Marxist threat, was loftily reminded that Rhodesia was *land-locked.

The wilder the charges against him, the more scornfully dismissive Sir Ian became.

Mr. Mugabe was not under Soviet influence—"*quite the* contrary," Sir Ian insisted.

He had made some encouraging statements about his intentions in government; he wished to join the Commonwealth.

Sir Ian at last was even moved to congratulate Mr. Mugabe on his victory.

Those who did not like the vote, would have to lump it, he indicated. "This is the unequivocal verdict of the Rhodesian people and that is that."

Back-bench pressure on secret ballots

By Elinor Goodman

BACK BENCH pressure may force the Government to reconsider its decision not to make secret ballots of trade unionists compulsory under any circumstances.

Over 80 Conservative backbenchers have signed a motion urging the Government to make secret ballots compulsory when 15 per cent of trade union members say they want one.

Since members of the Government do not sign backbench motions, the number of signatories probably represent more than half those entitled to do so.

In the circumstances, the Government is almost bound to at least consider the proposal when it is finalising the proposed amendments on trade union immunities which will be introduced at the report stage of the Employment Bill.

Secret ballots have long been a central plank of Conservative Party trade union policy. Mrs. Thatcher has always been particularly keen on them. But to the disappointment of some Tory supporters—both inside and outside Westminster—the Employment Bill merely provides the funds for secret ballots and leaves it to the unions to decide whether they want to use them.

The steel union's refusal to hold a ballot of its members has infuriated some Tory MPs who believe that the steel strike would be over if there had been one.

This, together with the TUC's decision to advise its member *unions against using secret* ballot funds, has intensified pressure for them to be made compulsory in some circumstances.

The Employment Department *has argued in the past, however,* that such an approach would be thwart with difficulties and open up a whole new bag of problems —most notably of enforcement.

Even so, some Ministers may well argue that the Government would be failing in its duty if it did not acknowledge the wish in the country for secret ballots to become the norm rather than the exception.

Indexing of MPs' pay ruled out

By Ivor Owen

INDEXATION OF MPs' pay was firmly ruled out by Mr. Norman St. John-Stevas, *leader of the* Commons, last night.

He told the House "I do not believe that in the prevailing economic situation, the indexing of MPs' salaries is a viable *political proposition.*"

Mr. St. John-Stevas confirmed that following the uprating of MPs' pay this summer, the Top Salaries Review Board will be asked to undertake annual *reviews of Parliamentary* salaries from next year onwards.

"It is the firm intention of the Government, save in the most exceptional circumstances, *that any recommendation will* be implemented," he said.

Education Bill at risk in the Lords

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT risks losing important clauses in some legislation it is trying to put on the statute book in the House of Lords because of the amount of business it is putting through the Lords over the next six months.

Most *at risk are certain* provisions in the Education Bill—which begins its committee stage in the Lords next week with over 400 amendments already tabled—and, later in the summer, sections of the Local Government Bill.

Because of the need to get the Education Bill on the statute book by the beginning of the financial year, the Govern*ment may have to consider* dropping its school transport charge proposal if enough Tory peers and cross benchers unite *with the Opposition to defeat it* in committee.

Lord Norfolk, the leading Catholic peer, is trying to persuade other Conservative peers to oppose the transport clause which, it is argued, discriminates against Catholic families who have to send their children long distances to school.

An alliance of Labour and Conservative peers with links in local government could cause similar problems for the Government later in the year when the Local Governments Bill enters is committee stage in the Lords.

Higher charges for public services call

BY OUR LOBBY STAFF

THE RIGHT-WING Conservative Selsdon Group yesterday accused the Government of fail*ing to fulfil its election mandate* by really cutting back on public spending. On current policies, it maintained, public expenditure would be higher under this Government than under the last Labour administration.

The way forward, it said, must be through higher charges for public services. And, in the view of the Selsdon group, very few items of expenditure should be regarded as sacrosanct.

At yesterday's Press conference some members were advocating the "privatisation" of schools with State-only intervening in *education to ensure standards* and assist those families who genuinely cannot afford to pay.

To help stiffen the resolve of ministers, who the group evidently feel are being overly influenced both by the civil service and the views of soft liners among them, the Selsdon group yesterday published a "Beginners guide to public expenditure cuts."

Only a few months ago, it said, very few people indeed would have expected such a paper to be necessary given the party's commitment to cutting public spending but the figures showed a "simple, unambiguous and distressing story." The Government had failed to control public spending.

The Government must, it said, *make real economies*" through charging the market rate for services and introducing charges for services now provided free.

£1m loans guaranteed for NFFC

By Alan Forrest

BANK LOANS of up to £1m to the National Film Finance Corporation are to be guaranteed by the Government, Mr. John Nott, Trade Secretary, said yesterday.

Mr. Nott's announcement to the Commons came shortly after the annual meeting of the NFFC, at which Mr. Mamoun Hassan, the corporation's director, took a gloomy view of the UK industry's future.

The Government's action is *designed to enable the NFFC to* continue its activities until legislation to restructure its finances can be arranged.

Trusthouse donation

By John Moore

TRUSTHOUSE FORTE, Britain's largest hotel group whose chairman is Lord Thorneycroft, Conservative Party chairman, contributed *£28,500* to the Conservative and Unionist Party. The donation, made during the group's last financial year ending October 31 1979, is disclosed in the latest report and accounts.

Carlisle's rejection

A PLAN by Bexley, in London, to split a comprehensive school into separate grammar and secondary modern schools has been rejected by Mr. Mark Carlisle, Secretary for Education and Science.

£9m study on schools technology

By Michael Dixon, Education Correspondent

MORE THAN £9m is to be spent by the Government over the next four years on further study and development of the use of microelectronics in schools.

Lady Young, Minister of State for Education, said in London yesterday that the money would not be used to buy either hadware or software for use in schools. Such purchases would be left to be *funded from local education authorities' budgets.*

The £9m would be devoted to furthering promising projects to test and develop the best ways of applying microelectronics in teaching subjects such as mathematics, sciences, design and general studies, and in training teachers to use new methods.

LABOUR

Yorkshire miners seek 40% wage increase

BY PHILIP BASSETT, LABOUR STAFF

MINERS IN the Yorkshire area are supporting a claim which would increase minimum basic pay more than 40 per cent.

It is the first indication of this year's pay claim for the country's 260,000 miners.

The claim, approved by the Yorkshire area council of the National Union of Mineworkers, will *form* the basis of a pay resolution from the area to the union's annual conference at Eastbourne in the spring. The annual conference will formally set the national claim.

Last year Mr. Arthur Scargill, Yorkshire area NUM president, drew the union around the Yorkshire claim for increases of 30-65 per cent. The claim led to a 20 per cent settlement four months ago after a pithead ballot rejecting an NUM executive recommendation to take industrial action.

The new Yorkshire claim, based on a resolution from the Shafton workshops branch of the NUM, was approved by the Yorkshire area council at a meeting in Barnsley on Monday.

It calls for the establishment of a £106 minimum rate, which is an increase of more than 43 per cent on the present minimum for surface workers of £73.65. That rate, part of December's deal, came into force on Saturday.

The claim includes a provision on differentials. Based on present levels this would mean an increase for the top-grade face worker of more than 40 per cent. It would take their rate to more than £145 a week.

It also calls for the miners *to return this year*—rather than next—to their traditional settlement date of November 1.

The increase which came into force on Saturday is the second stage of this year's package and is *meant to run until the end* of December. Then another 10-month deal should be proposed to take the miners back to the November date in 1981.

Though the area claim is well in advance of the union's full claim nationally—let alone this year's settlement date—it is an indication of Yorkshire's determination.

Mass strike meeting boycotts steel ballot

BY PHILIP BASSETT, LABOUR STAFF

VOTING PAPERS for the British Steel Corporation's "ballot about a ballot" were collected by shop stewards from Sheffield area steelworkers at *a mass meeting of strikers yes*terday as part of a boycott of the corporation's attempt to gauge feeling on its 14.4 per cent pay offer.

Some ballot papers were *dumped in local BSC manage*ment offices and there were reports that some of the collected papers had been burned by striking steelworkers.

Police reinforcements were *called to BSC's rod products* offices in the centre of Sheffield after several hundred strikers marched through the town from a mass meeting to deposit some of the collected ballot forms.

There were reports earlier of some steelworkers burning some of the collected voting papers on waste ground near Sheffield's City Hall, where the meeting took place, though officials of the Iron and Steel Trades Confederation were later unable to confirm any *incidents.*

Papers were collected at the mass meeting from steelworkers who attended it and from local stewards who had been gathering papers in their own areas *since* members had received them at home.

The local ISTC strike committee and that of the Transport and General Workers' Union have both decided to gather ballot papers from members, in an effort to destroy the ballots' credibility.

Left-wing pamphlets circulating outside the meeting, which was called *specifically* to discuss the corporation's ballot attempt, urged steelworkers to destroy their papers.

Pessimism on labour law talks

By Christian Tyler, Labour Editor

TUC LEADERS think that they have reached the end of the line in their discussions with Ministers on the Government's labour law reforms.

***Talks at the Department of* Employment yesterday could well be the last, and there are signs that a major campaign, perhaps on the scale of the TUC opposition to the 1971 *Industrial Relations Act, is* developing.**

The TUC General Council has already suggested that all affiliated unions refuse the bait of public money for secret ballots *proffered in the* Employment Bill now going through Parliament.

After yesterday's talks, Mr. Harry Urwin, chairman of the TUC Employment Policy and Organisation Committee said that unless the Government changed its mind completely there was "little point in further discussion."

***Mr. James Prior, the* Employment Secretary, said: "There is not really any agreement possible between us while they insist that everything must be voluntary, and *we insist that there must be* a voluntary system underpinned by law."**

The first casualty of the stalemate is likely to be the TUC's own guidance to trade unions on disputes procedure, strike ballots, picketing, demonstrations and the closed shop.

***Mr. Urwin* said the Government's plans for curbing picketing, the closed shop, and now sympathetic strike action would become a major issue at the TUC Congress in September.**

● The Government will consider a code of practice advising workers who refuse to join a closed shop that they could give union subscriptions to charity, Mr. Patrick Mayhew, Parliamentary Under-Secretary at the Department of Employment said yesterday.

Police contest Hadfields' compensation claim

BY MAURICE SAMUELSON

THE SOUTH Yorkshire Police Authority is to resist a claim by Hadfields, the Sheffield private steel company, for more than £½m in compensation arising from mass picketing by strikers and supporters outside the works.

Mr. George Moores, chairman of South Yorkshire County Police Committee, said that the £591,000 claim related to losses said to have been incurred through loss of production over six days.

Hadfields is suing under the 1886 Riot (Damages) Act, by which compensation can be sought for damage caused by people acting "riotously and tumultuously." The action follows mass picketing outside Hadfields' East Hecla works on February 14.

Mr. Moores said that the claim was not covered by the Act, as it did not relate to physical damage. "It was not accepted either that there was a riot situation on February 14 as is claimed by the firm."

Hadfields' solicitors, Rotheras of Nottingham, acknowledged yesterday help given by the police, but said that they had "failed to contain what our clients consider to have been a riotous assembly."

The statement added: "Management, in the interests of the company and its work force, are bound to seek recompense wherever it may be found, and the Riot (Damages) Act, 1886, provides for claims to be made against the local police authority in the event of damage suffered by riot."

Lloyds staff told value of pay award

By Nick Garnett, Labour Staff

MANAGERIAL STAFF at Lloyds Bank will be told this morning the value of an arbitration award made last week after a claim from the bank's staff association.

The rises, backdated to July 1, range from a minimum of 3.2 per cent for staff on the lowest grade covered by the award to a minimum of 8 per cent for the highest grade of senior manager affected by the arbitration decision.

The staff association said about 2,800 staff would receive increases. Existing salaries for managers start at about £8,500, *but salaries for managers in the* top bracket covered by the award begin at almost double that level.

The settlement date for bank staff has been moved to April.

Builders reject 14% offer

By Our Labour Staff

THE executive of the Union of Construction, Allied Trades and Technicians yesterday formally rejected the offer, made last week by construction employers.

The executive is understood to have decided that not only was the offer too low, increasing minimum earnings by 14 per cent, but that the productivity clauses attached to it were not acceptable.

The union plans to hold a delegate conference, probably next month, on the outcome of further pay negotiations due to resume next week.

The Transport and General Workers' Union said that indications from its regional construction committees were that the offer would be clearly rejected.

AUEW to consider new rules

By Alan Pike, Labour Correspondent

LEFT-WINGERS in the AUEW are mobilising to resist right-wing efforts to secure important changes in union rules.

The right is expected to have a majority when the rules revision committee meets at Blackpool in May.

Proposals will include a rule change which would eventually allow the executive, rather than delegates, to decide how to cast the union's block vote for nominees to the TUC general council and Labour Party national executive.

Another proposal would replace the existing part-time volunteer branch secretaries with full-time appointed officials.

Truck drivers accept 20% rise

BY NICK GARNETT, LABOUR STAFF

THE NATIONALISED sector of the road haulage industry has agreed a 20 per cent pay deal *with its drivers, which for the* first time provides possible scope for locally-negotiated productivity deals.

The Transport and General Workers' Union, which represents the drivers, said yesterday that the pay rise, covering National Carriers, Pickfords, BRS, Roadline and some special traffic companies, was not linked directly to productivity improvements.

The National Freight Corporation, the overall management body for these companies, was anxious to emphasise, however, that it viewed the deal as a major advance in its attempts to improve the productivity of drivers.

This refers to a union agreement to allow negotiations at depot level on vehicle operating *speeds and on possible work* flexibility between drivers and depot workers.

The corporation believes the previous union "rule" limiting *truck running speeds to below* 40 mph is no longer a barrier although it was not clear whether this was the union's view of the deal.

*The corporation is also con*fident that it has won union agreement to reduce what it believes to be abuses of a recently negotiated sickness benefit scheme. This will be done partly by joint union management panels studying cases fo persistent absenteeism.

The management expects savings worth 3 to 5 per cent of the wages bill if possible productivity changes are har*nessed to the full.*

This should also improve drivers' bonus payments. Discussions are taking place to create a new negotiating struc*ture with pay talks held at com*pany level. The union says this would allow such items as bonus payments to be more clearly tied to companies' individual circumstances.

In a speech to the Irish section of the Chartered Institute of Transport in Dublin, Mr. Peter Thompson, the corporation's chief executive, said the relationship between high earnings and high productivity had to be recognised by both management and workforce.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

SINCE JUST before the 1973 oil crisis, one of the world's largest petroleum majors, Shell, has been planning its strategy with the help of "scenarios." Rather than just a fashionable word for dubious forecasts and plans, Shell's scenarios explicitly recognise that it is both impossible and dangerous to try to forecast the future. Instead, by presenting managers with a range of sharply contrasting scenarios about the future, they help them plan for an era of unprecedented world uncertainty. Shell's approach has attracted intense international interest, from companies in all industrial sectors.

After yesterday's report on Shell's basic concept of scenario planning, the article below traces how it has been developed further in response to the "real world" inside and outside the group. The article also reveals the radical changes that have just taken place in the planners' view of possible developments over the next 15 years.

How Shell made its managers think the unthinkable

By Christopher Lorenz

ON THE 11th floor of the Shell Centre, on the South Bank of the River Thames in London, sits the department which has been most responsible for the development of the company's "scenario" approach to planning.

Under the misleadingly mundane title of Group Planning, the department of just over 40 employs some of the brightest brains in Shell, not just the half-dozen "philosophers" (as they are dubbed in Shell's internal slang) who actually prepare the scenarios, but several teams of "engineers" who help in the process, and especially in the feeding of scenarios into the more conventional parts of the planning process.

From their eyrie they enjoy a suitably global view, in miniature, of Shell's world: upstream, appropriately enough, the new Arab oil wealth around Knightsbridge and Kensington, downstream—on a clear day—the Thameside refineries. In the middle machinates the world of Government (Westminster), while the bewildered consumer struggles through traffic jams, or crawls along in commuter trains, with little real faith in the promise of "alternative energy."

But Group Planning is no ivory tower. There could hardly be a group of planners in any company which was more concerned that its message should be both realistic and convincing to managers throughout Shell's far-flung empire. From all corners of the globe, a steady stream of Shell employees—by no means all planners—moves through the department, learning at first hand about the scenario process, and the way of thinking that lies behind it.

The Department has had powerful allies in Shell's Committee of Managing Directors—its top executive policy-making body—since well before the mid-1970s, when its critical importance was underlined by making it directly responsible to the senior member of the committee (generally known by its acronym, CMD).

Since 1971 Group Planning has itself built or helped stimulate a whole heirarchy of scenarios across and down the international organisation: "global" long and short-term scenarios which take a worldwide view of possible developments, together with a whole range of more "local" and specific ones.

This gradual process has been achieved not by force but through persuasion; each operating company has been free to decide whether or not to use scenarios.

It is partly with what might be called market acceptability in mind that Group Planning has repeatedly revised the content and format of those scenarios for which it is directly responsible: the long and short-term "global" ones which constitute the first two levels of the scenario heirarchy.

The most recent outward expression of the importance of effective presentation is that the latest two long-term scenarios are summarised in a book of only 30 pages (plus appendices), whereas their predecessors filled two 80 page volumes.

It is for the same reason that Pierre Wack, the Frenchman who, as Shell's chief "philosopher" is given particular credit for the success of scenario planning, spends a considerable amount of time making presentations to various levels of management: he devoted the equivalent of a full working month to this last year.

Scenarios were first introduced into Shell Centre on an experimental basis 10 years ago (see notes to the table). Since then, it is not only their content that has changed, but also the way they are applied. The process of evolution continues today, in an attempt to make the approach effective at all levels of the organisation.

The company now uses various different types of scenario. The more generalised ones contain descriptions of possible world developments in a wide variety of interrelated spheres: economic, political, social and technological. Where possible, they are quantified in terms of gross national product, inflation, oil prices and so on.

Almost invariably, at least two very different scenarios are provided, so the planner and manager is presented with an extremely wide area of probability. "The idea is that neither scenario will be right, but that if you're prepared for both you'll be ready to cope with the real world," says one participant in the process.

"The important thing is that they help managers to think, to break through their conventional views. If they do nothing else, they're a success," he adds.

The roots of scenario planning in Shell are outlined in the notes to the table. It is impossible to pin an exact date upon the acceptance of the concept by top management as a whole, but by 1972 it had generated considerable support among most members of the CMD, who had already become convinced that the existing system of forecasts and plans was beginning to prove itself inadequate. To quote the late C. C. Pocock, senior managing director of the worldwide group until his death last autumn: "We were disturbed about the quality of our estimates."

After two years of internal experiment, Group Planning had presented six different long-term scenarios (covering a 15-year period) to the CMD in early 1972. Half of them indicated, among other things, the strong probability of an early and major disruption to the settled pattern of energy supplies — a message that the CMD rapidly passed on to the business sectors beneath it.

It was about the same time that Shell began to warn Western governments about the possibility of a full-blown energy crisis. But, within Shell itself, several of the business sectors appeared to be continuing to assume in their decision-taking that oil supplies would continue to be both adequate and cheap.

Early in 1973, when a revised set of scenarios was presented to CMD, any assumption that energy supplies would continue to be adequate had been abandoned. All the new scenarios depicted an initial period of considerable turbulence, christened figuratively as "The Rapids." Yet still many senior managers failed really to grasp the message and its implications.

It was at this stage that Group Planning cut the number of global scenarios to two "archetypes." This was partly for reasons of presentation: given three scenarios, planners and managers elsewhere in the organisation tended to fasten on to the middle one when applying the scenarios to their strategies. Given six, they started to indulge in massive "number-crunching."

Three of the most important messages conveyed by both the new scenarios were:

- That oil companies were likely to lose their mining rights in almost every oil-producing territory; this was where most of their profits had traditionally been made. An associated trend would be that the oil industry would for the first time in its history become a relatively low-growth sector.
- That unusually severe economic recessions were just round the corner.
- That the increasingly fragmented nature of world developments must be matched by greater decentralisation in Shell's own structure.

To many senior Shell executives, these elements of the probable future were both shocking and difficult really to take in. But within months the oil crisis materialised and the credibility gap was closed—on one level of consciousness, at any rate.

Since then, the global long-term scenarios have under gone several changes. One has been their application. Originally, they were disseminated to the planning departments of most operating companies, which were encouraged to use them in planning detailed projects of all types. But they often proved far too global and general for such a specific use; to take an example, they could provide little help in testing a plan for extending the network of service stations in a particular country.

For some time now, they have been disseminated far more selectively, and the operating companies have been encouraged to develop their own scenarios for specific purposes.

In structural terms, one of the changes to the long-term scenarios has been the inclusion since 1977 of a broader analysis of actual and potential social trends. The social dimension is now a key element of both current scenarios, "The World of Internal Contradictions" on the one hand, and "Restricted Growth" on the other.

On the basis of an environment of social stress, economic friction and underperformance, "Internal Contradictions" suggests the continuation of a widespread and overwhelming aversion to risk-taking, and an associated slump in economic growth. The projected figures have varied slightly over the scenario's five-year life, but for the last three they have suggested an average annual rate of only about 2.5 per cent in both Europe and the U.S., and some 4 per cent in Japan.

Until last year, the higher growth scenario was "Business Expansion" (it originally carried the more florid title of "Belle Epoque"). In its later life this posed an annual growth of about 3.5 per cent in the West, and about 5.5 per cent in Japan.

By this time last year, however, "Business Expansion" had been effectively abandoned as unrealistic, in part because of the unwillingness or inability of so many Western governments and societies to remove some of the constraints on growth: pre-eminently high inflation, but also many more.

Well before last autumn's review officially confirmed this abandonment—and the transformation of "World of Internal Contradictions" from the lower to the higher of the two long-term scenarios—the change had been signalled by revisions to the short-term global scenarios.

Covering a five-year period, and updated or changed annually, these constitute the second level of scenario planning in Shell. They were first introduced by Group Planning in 1975, to take account of a range of possible developments which might be of little consequence on a 10 to 15-year timescale, but were of considerable significance to nearer-term planning and decision-making.

Originally four in number, they have now effectively been reduced to two. Their content differs from the long-term scenarios in several respects, such as their greater concentration on the shape of likely business cycles, and their lesser emphasis on changes in the social climate.

The third tier of scenario planning consists of the "local" scenarios developed by the individual business sectors and operating companies. They are of critical importance if the whole scenario way of thinking is to have much effect outside Shell Centre and The Hague, the group's twin headquarters. For one thing, Shell's global scenarios may not pay close attention to certain variables which are vital to the management of some of the operating companies.

An obvious example is currency fluctuations, which are of little relevance to a group with Shell's product mix and worldwide spread, compared with their obvious significance to a company like Shell UK, for instance.

This is only one aspect of the obvious fact that the information in a scenario has to be relevant to the particular "local" plans or decisions for which it is intended to provide at least a checking mechanism, and at best its whole conceptual basis. Obvious this may be, but it is the sort of thing that is often neglected in companies where the planners are out of touch with the rest of the organisation.

One senior Shell planner describes the problem thus: many plans or decisions will already be long-standing, so that scenarios can only provide a benchmark against which they can be tested, and if necessary revised. "You seldom start with a clean sheet in planning," he says. "You start with an existing set of strategies, and then start bending it with scenarios."

So in the various parts of Shell UK, for example, several planners spend a substantial part of their time on developing specific scenarios. But an operating company the size of Shell UK is unlikely to limit itself to the development of purely local scenarios, accepting without question all aspects of the global picture that is handed down by Group Planning; on potential oil price trends, for example, differences of view can arise.

Since such differences stimulate thought by everyone concerned, and since no-one is trying to produce a firm forecast, this form of tension should generally prove "creative" rather than destructive.

A greater danger in a group as far-flung, decentralised and relatively independent as Shell is the development of conflicting scenarios and plans by two of its subsidiaries which are related in some way, trading or otherwise (refining and chemicals are two obvious examples). Most potential clashes of this type are ironed out via Shell's matrix management structure, but some have to be referred back to Group Planning for firm guidance.

All these are difficulties of detail. Time and time again, Shell's planners — both at the centre and out in the field — emphasise that it is the principle of scenarios which really matters: that unless everything is completely predetermined (and is it ever?) "it's an intellectual swindle to make a single-line forecast," to quote Pierre Wack.

The final word comes from one of Pierre Wack's colleagues. "The main achievement of scenario planning under Wack has been to raise the intellectual level of debate in Shell. That's what planning is all about."

Reprints of last year's series of Management Page articles on Planning in an Age of Uncertainty are available in booklet form from Diana Twaites of the FT Publicity Department. Price £1.00 plus 15p p and p. Payment to be enclosed with order.

SHELL'S PLANNING EVOLUTION

1945-55:	Mainly "physical" planning
1955-65:	Project planning + selectivity
1965-72:	Unified planning machinery
1967 :	"Year 2000" study
1971 :	Experimental use of scenarios at the centre
1972-73:	Introduction of scenario planning
1975 :	Introduction of medium-term cyclical scenarios
1976-77:	Introduction of "societal dimension" in planning
1978-79:	Deepening "geopolitical" and "political" risk analysis

Source: Business Environment—Group Planning Department, Shell International Petroleum Company.

PIERRE WACK, head of the "Business Environment" section of Shell's Group Planning Department, describes the evolution thus:

"Physical planning" concentrated on the construction and bringing-on-stream of individual oil installations, with relatively little consideration of their overall financial implications for the company. This approach was broadened in the mid-1950s into project planning, with finance now playing a considerable part, but with the plans still following each other in an unrelated fashion. Some assessment was done of the relative value to the group of different products and market segments, enabling certain of them to be selected as warranting greater emphasis than others.

The unified planning machinery erected from the mid-1960s was "the most perfect tool I know in a stable world." An elaborate procedure brought the operating companies together in a coordinated process for the first time. Most of the planning was still based on single forecasts.

Almost immediately the unified machinery was introduced, Group Planning undertook a lengthy study of the future, up to the "Year 2000." This presented a disturbing picture of world developments throughout the rest of the century. Especially striking was its suggestion that Shell's world was about to enter a period of turbulence, and that the group would have to learn to cope with a great deal of uncertainty over oil supplies, prices and related issues. It convinced most of Shell's managing directors that a new approach to assessing the future was required. Hence the development of the concept of multiple scenarios, leading to their experimental use at the centre from 1971.

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Land gift to company

A managing director of a family company retires at age 65 and at the same time gifts his shareholding to his son, who thereafter runs the business. The land, on which the business is situated has always been the personal property of the managing director, the company occupying the premises rent-free.

Two years after handing over control, the former managing director wishes to gift the land (approximate value £40,000) to the company. The CGT position seems clear regarding the gifting of shares (Retirement Relief) but what about the gifting of the land?

You face both CGT and CTT on the proposed gift (whether it be to the company or to the shareholders). Since you will need the services of a solicitor in preparing the documentation, we recommend that you seek his or her advice on ways of mitigating the prospective tax burden.

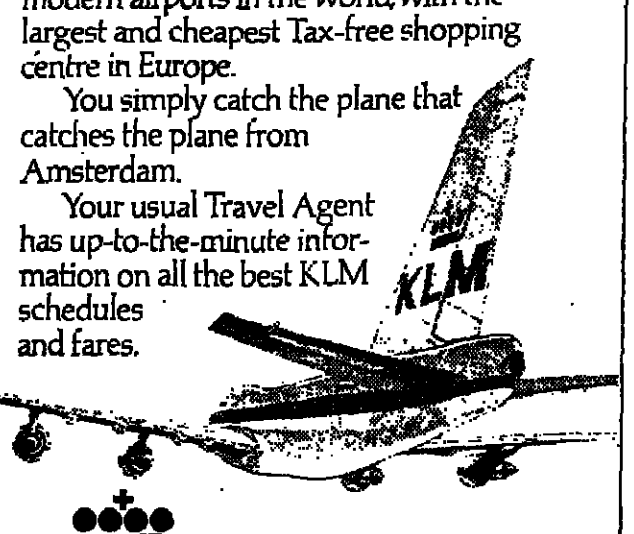
If there is no urgency, you should consider awaiting publication of the Finance (No. 2) Bill, next spring; but you should not delay seeking professional guidance.

Unreasonable by-laws

We own a number of domestic properties in three local authority areas, and find that one of them makes building by-laws different from the general run, not, in our view, of any advantage to the tenants, and more expensive to us. Further, the authority's own houses do not conform with them. Generally, the whole attitude of this authority is vexatious and apparently designed to drive the private landlord out. Is there anything we can do?

The local authority must ultimately rely on the advice of its own officers, who ought to apply the statutory rules impartially. In practice this does lead to some authorities being more demanding than others. However, if a wholly unreasonable interpretation were to be placed on the regulations you could challenge that interpretation in court. As to this you should consult your solicitors. A more practical course may be to make representations to councillors on the authority in question or to interest local newspapers in the matters which give rise to your disquiet.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



LOMBARD

Embarrassment of sterling

BY PETER RIDDELL

THE CURRENT level of sterling is an affront and an embarrassment to economic forecasters. *Even after this week's* sharp fall the pound should not be nearly as high as it is judged by all the traditional forecasting relationships and yardsticks of competitiveness. The consequent "anomaly" poses a major problem for the economic soothsayers who have been forced to produce some, not entirely convincing, answers in the batch of major forecasts just published.

Question

This is an important issue since, as the London Business School pointed out, "the biggest question mark over the short-term future of the UK economy concerns the value of sterling." And question mark it is likely to remain since the foundations for projections are so shaky. A year ago the monthly Exchange Rate Outlook produced by LBS economists forecast that the sterling trade-weighted index would decline by 6 per cent over the following 12 months; in the event the index has risen by 15 per cent. This was not an untypical projection at the time.

This appreciation occurred even though sterling's prospects deteriorated rather than improved in the interim according to the criteria of trade performance, relative monetary growth and price and labour cost competitiveness. Indeed British wholesale prices are now at least 30 per cent higher *relative to those of key competitors* than they normally are.

The buoyancy of sterling since last spring can, of course, be traced to the pound's status as a "petrocurrency" at a time of increasing North Sea oil production and rapidly rising oil prices *and to the high nominal interest* rates in the UK relative to those abroad resulting from the tight monetary policy.

Merely listing these factors does not make it any easier to forecast what is going to happen over the next few months. Consequently the forecasters *have been forced to admit,* implicitly or explicitly, that projections based on past forecasting relationships do not work in a world of large capital flows, $100bn plus OPEC surpluses and erratic U.S. monetary policy. The result is a combination of *hunch* and hope, and a partial suspension of previous approaches.

The LBS, for example, suggests that "if there are no further political shocks in the Middle East, the support given to sterling in 1979 by uncertainty about the price and availability of oil could disappear in 1980. If interest rates also start to fall, reflecting the lower borrowing requirement, attention could once again be focused on the more traditional *determinants of the sterling* exchange rate—inflation and the balance of payments." Consequently the LBS projects an 8 per cent depreciation in the trade-weighted index over the next 12 months.

Similarly, Forex Research has described the pound as "vulnerable," especially in the absence of exchange controls, though the timing of a sterling *depreciation is* "uncertain."

Alternatively, the National Institute suggest that the UK might be a relatively attractive market to OPEC surpluses and, consequently, it is projecting an unchanged trade-weighted index over the next two years.

Gradual

The relative stability of sterling during the sharp rise in the OPEC surpluses in 1974 provides some support for this view. Moreover, both the institute and the Confederation of British Industry believe than any *decline in UK interest rates may* only be very gradual because of industries likely large demand for bank loans. But even if interest rates do start to decline this could as in 1977, have the apparently "perverse" effect of attracting funds into the UK to buy giltedged stock *in the hope of capital gains following* a further fall in rates.

Changes in the relative level of international interest rates can result in a switching of short-term capital flows which can depress sterling, as has happened over the last week. But the medium-term uncertainty about the pound remains and the present state of currency forecasting does not seem able to provide a plausible answer.

Year of the camellia

GARDENS TODAY

BY ROBIN LANE FOX

EARLY MARCH sees the start of my season for camellias. West Country readers will think this very slow, as their early *varieties have been frolicking* for several weeks in this mild February weather. The best, however, lies ahead.

The forecasts for March are all fair. The spring frosts are not expected to be harsh. 1980, then, should see the camellias at their best.

Few gardeners realise what passions a camellia can still arouse. In Japan, especially, respect for the camellia runs higher than in any of its British homes, even our shaded courtyards in Central London. There is still a secret Japanese brotherhood of modern camellia fanciers. They are grouped round varieties which are bred and grown in the old Higo area and confine their cuttings to a few families only. These groups, named the Hanaren, watch out for varieties whose flowers have at least 100 stamens in their centres.

In Britain we have few which come near their standards. The special Higo hybrids are not familiar and gardeners are hardly aware of their low-growing style, their range of colours through pale pink and pale yellow and the unusual pattern of the stamens in the centre of their broad-petalled single flowers. They grow close to the ground and are developed from the lovely snow camellias, varieties whose leaves are adapted to survival under deep Japanese snowfalls. These are not so happy in any climate which fails to bury them in winter.

The ideal of the Higo societies is a flower whose stamens are fit to symbolise the heart of a brave old Samurai warrior. At 100 stamens, the flower qualifies for the Samurai's status and is then kept within the family circles of growers and breeders.

These circles are known in Japanese as the "stubborn ones." They are as tightly-controlled as the old northern clubs in Britain, groups which once grew auriculas to such high standards. Monopolies, it seems, started early in Japanese *society* and were xenophobic even in the garden.

In Japan, the camellia was quite unusually important. It provided almost all the wants of life. Its seeds, when pressed, would make a pretty hair-dye whose supply was never likely to dry up or change its colour. No wonder the ladies in high society would sigh for a bunch of camellias, as fine a test of a lover as the hand-writing on his invitations.

In Britain, we have been more prosaic. The camellia's needs are well known. The soil must be acid, fit for rhododendrons and preferably black, peaty and damp. The drainage must be good and water must be abundant throughout the summer. There is no variety whose flower-buds will not be browned by a sharp frost during spring in most parts of the country.

There are various defences against this condition, of which the easiest is to plant in a sheltered north or east aspect where the early-morning sun will not fall on to frosted flowers and compound the damage.

Strawberry nets are worth putting over a plant when it is in bud. Their mesh works *like a string vest and helps to* mitigate the first few degrees of frost. Otherwise, you run the risk of browning, a point which turns many gardeners away from the lovely white varieties. These absorb less heat in their flowers than red ones and are proven to be more prone to damage from frost.

To avoid them may be prudent, but it is sad to miss the loveliest colour of all among the glossy evergreen leaves.

The white camellia stands its best chance in a sheltered city garden. Almost every backyard is shaded, city soil tends to be acid, and the glossy leaves resist the dirt.

I am often asked for an evergreen shrub which will liven up a moderately shaded back patch and I cannot think that there is anything prettier than a group of camellias with skimmias, perhaps, as light and luscious companions. Impatient gardeners can usually buy a few older camellia-plants from a major London garden-centre, Rassells of Earl's Court or Clifton Nurseries, Queensway W2. They are not cheap, but can move quite safely to give body to a new garden.

Which varieties, however, are good value for patient growers? The prizes nowadays would have to go to the Williamsii hybrids bred in Cornwall. Apart from their general good manners, they have two important advantages. They set their buds quite early in autumn and carry them green and *solid into* early winter, leaving themselves less liable to a heavy spell of cold weather which can stop any buds at all on later varieties. Williamsii hybrids will always flower freely. They also flower neatly. "Self-grooming" is the expert's word for it, as they drop any flowers which are burnt and browned by the frost.

Other varieties hold the bad petals among the remaining buds and look untidy in a cold year. Only the Williamsii varieties are even and healthy outdoors.

Of this group, the most famous is the silver pink Donation, a name which probably now covers several forms of differing vigour. It is semi-double, upright in shape, small-leaved and exceptionally easy. Every garden should put it first for safety, though milder gardens should be aware of its child, Glenn's Orbit, named in *the* wake of the first space travel.

This variety flowers a month earlier and has stronger leaves and better flowers. It lacks the darker lines to Donation's pink petals and is preferable, to my eye. In exposed gardens, its season is more at risk to frost, but the risk deserves to be taken more often.

The other safe members of this group are mostly single-flowered. Do not pass them over because they are unlike the text-book camellia, full and flat. A well-grown bush of the single white *Francis Hanger* is a marvellous sight like a snow-storm on a forest of broad evergreen leaves. I would always try this one as my filling for the dark corners of a town garden where the white shows up so well. Be sure that the soil is deep, 3ft or so of acid compost. *Failed camelias* are usually standing in shallow beds a foot deep at most above the grim London sub-soil. They are wasted there.

J. C. Williams is a well-known favourite whose single pink flowers lie flush along horizontal branches. They last for a long season and ought to be in any safe collection. In a *slightly similar style,* I am always pleased by a good bush of Mary Larcom, also a flat single pink, whose flowers open unusually late and last well. She is a good choice inland as her season falls after the sharp frosts. I wish we saw more of her.

Of course there are other full-flowered camellias by the hundred, from the lovely White Swan to the combinations of white with red stripes or borders which attract me as a first choice for any conservatory or sheltered cold house in normal British climates. Almost any colour is worth risking and I would put in a special word for the low-growing varieties, Lady Clare and Pale Moonlight, which are too often forgotten as possible backbone among very low ground-cover on banks or slopes beside driveways or beneath tall and deep-rooted trees. You can follow your eye here and not go far wrong provided that you remember their variable hardiness.

For general garden value, however, the Williamsii crosses are still the leaders and I would urge you in this promising camellia year to look for Donation and her excellent cousins, your best way into this fascinating family.

Maurivarano well placed for win at Catterick

RACING

BY DOMINIC WIGAN

JOHN FRANCOME surprised a good many people a few days ago when nominating Rough And Tumble as his Grand National choice in preference to Chumson so it will be intriguing to see how this 10-year-old fares in the Fort Royal Handicap Chase at Worcester this afternoon.

Although the 2½ miles event is on the sharp side for Rough And Tumble he has clearly been pleasing both Fred Winter and John Francome in recent weeks. And his last run at Ascot on February 13 suggests we may not yet have seen the best of him. There he came second to Master Spy but beat So And So and Ormonde Tudor over three miles.

This afternoon I feel confident that Rough And Tumble, even though the distance is probably too short for him, will further his already considerable claims to Grand National consideration.

Tony Dickinson's horses have been more than a little disappointing recently, but I can see no reason why Maurivarano should not land the Girsby Novices Chase at Catterick. A fortnight ago at Sedgefield this promising young chaser justified odds of 8-15 with a six lengths victory over Noble Heart.

Latest Sun Grand National odds: 7-1 Zongalero, 16-1 Rubstic, Jer, Spartan Missile and Wagner, 20-1 Rough And Tumble and The Vintner, 25-1 So and So and Royal Frolic, 33-1 bar.

CATTERICK

2.15—Tombola
2.45—Supreme Sail
3.15—Pal Dan
3.45—The Fencer**
4.15—Maurivarano***
4.45—Lunar Wind

WORCESTER

2.00—Whisky Go Go*
2.30—Ballybutler
3.00—Go Brookhire
3.30—Captain Clover
4.30—Opening Night

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Playboard. 2.01 For Schools, Colleges. 3.25 Children's Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 The Backyard. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 God's Wonderful Railway.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 The Wednesday Film: "The War Wagon," starring John Wayne.
8.30 Potter.
9.00 News.
9.25 Open Secret.
9.55 Sportsnight.
10.45 Parkinson with guests.
11.45 Weather/Regional News.

All Regions as BBC-1 except as follows:—

Wales—11.02—11.22 am I Ysgolion. 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.50 Tom and Jerry. 7.05 Heddiw. 7.30 A Question of Sport celebrates its 100th programme. 8.00-8.30 My Wife Next Door. 11.45 News Headlines. 11.50 Film 80. 12.20 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.30 Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); *Points West (Bristol); South* Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
†5.40 *Flash Gordon.*
6.00 The Paul Daniels Magic Show.
6.35 Bowls.
7.05 The Master Game.
7.35 Mid-Evening News.
7.45 Mr. Smith's Indoor Garden.
8.10 Arena.
9.00 Holocaust.
10.30 Race Day.
10.45 Newsnight.
11.30 Open Door.
12.00 Closedown reading.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 After Noon Plus. 2.45 The Outsiders. 3.45 Hobson's Choice. 4.15 The Sooty Show. 4.45 The Life and Times of Grizzly Adams.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Benny Hill Show.
9.00 ITV Playhouse.
10.00 News.
10.30 Mid-week Sports Special.
11.30 Thames Arts (Royal Festival Ballet).
11.45 Spooner's Patch.
12.15 am Close: Rita Tushingham reads a poem by Roger McGough.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Barney Miller. 6.00 About Anglia. 11.30 Fireside Theatre. 12.25 am The Big Question.

ATV

10.30 am Something Different (Cliff Richard). 11.04 Schools Programmes (continued). 12.30 pm The Electric Theatre Show. 1.20 ATV Newsdesk. 2.45 The Love Boat. 4.45 White Light. 5.15 Mind Your Language. 6.00 ATV Today. 11.30 ATV Newsdesk. 11.35 1980 Butlins Grand Masters Darts Championship.

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Happy Days. 6.00 Lookaround Wednesday. 10.29 Border weather. 10.30 The Sound of Ricki Lee. 10.40 Celtic v Real Madrid—Scotsport European Special. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Makin' It. 6.00 Report at Six. 10.28 Channel Late News. 11.30 Celebration. 12.00 Epilogue followed by News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North *News Headlines. 2.45 Houseparty.* 3.15 Money-Go-Round. 4.45 White Light. 5.15 Survival. 6.00 North Tonight and area weather forecast. 10.30 Reflections. 10.40 Scotsport European Special. 12.35 am Living and Growing. 1.05 North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Money-Go-Round. 3.20 The Wild, Wild World of Animals. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 11.30 Bluey.

HTV

1.20 pm Report West Headlines. 2.45 The Outsiders. 4.45 White Light. 5.15 Crazy Cruise. 5.20 Crossroads. 6.00 Report West. 6.30 Brave Old World. 11.30 Fireside Theatre.

HTV Cymru/Wales—As HTV West/HTV General Service *except:* 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News Headlines and road and weather report. 1.30 The Rolf Harris Show. 2.45 The New Avengers. 4.45 White Light. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 10.30 Late Call. 10.40 Scotsport European Special.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-week (South East Area only). 11.30 Southern News Extra. 11.35 Musical Special: Pasadena Roof Orchestra.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where the Jobs Are. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Bailey's Bird. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 11.30 North East News Headlines. 11.35 Power Without Glory. 12.25 am Epilogue.

ULSTER

11.36 am Documentary: "Sunley's Daughter." 1.20 pm Lunchtime. 2.45 Money-Go-Round. 3.15 Selwyn. 4.13 Ulster News Headlines. 4.45 White Light. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster weather. 11.30 Soap. 12.00 Beddime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.12 Gus Honeybun's Birthdays. 5.15 Makin' It. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Celebration. 12.00 George Hamilton IV. 12.25 am Faith for Life. 12.30 West Country weather and shipping forecast.

YORKSHIRE

10.35 am The Adventure World of Sir Edmund Hillary. 11.04 For Schools (continued). 1.20 pm Calendar News. 2.45 Three Little Words. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Have Girls, Will Travel.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. *8.02 pm Listen to the Band* (S). 8.45 Alan Dell with The Dance Band Days. 9.15 The Magic of the Musicals (S). 9.55 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause *for Thought. 10.03 Jimmy Young (S).* 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 European Soccer Special. 9.30 The Magic of the Musicals (S) (join vhf). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Wendy Craig says Be My Guest. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Brahms (S). 10.00 Music for Organ (S). 10.35 Granados and Caplet chamber music concert (S). 11.15 Strauss and Mozart (S) including 11.50-11.55 Interval Reading. 1.00 pm News. 1.05 Concert Hall: Birthday Tribute to Samuel Barber (S). 2.00 Music Weekly (S). 2.50 Fifty Years of British Music (S). 4.20 Aspects of the Blues. 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Late Romantic Songs (S). 7.30 St David's Music Week 1980, part 1: Weber, Falla (S). 8.10 Six Continents. 8.30 St David's Music Week 1980, part 2: Hoddinott, Dvorak (S). 9.30 Scientifically Speaking: Where did all the dinosaurs go? 10.15 Bach (S). 10.45 Alfred Brendel piano recital: Bartok, Liszt (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week with Elaine Stritch. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Double Act. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Profession of Intelligence: Evolution of the British Secret Service. 8.30 Songs My Mother Taught Me (S). 8.45 Analysis: Sir Keith Joseph in conversation. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Life and Times of the Orchestra (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Ideal Home Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

7.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm Jazz After Eight—Keith Howell. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Carol Allen—Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,217

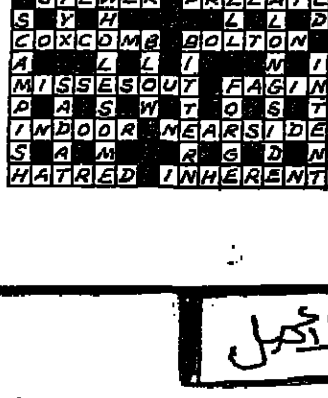
ACROSS

1 Keep well away from battle shot (5, 3)
5 Song and dance notice (6)
9 Accountant takes one kind of soup with spoon (8)
10 Things needed for activities (6)
12 Attracted by grouse in tie (5, 4)
13 Board of Education supporter (5)
14 Church I would have scolded (4)
16 Wicked putting house in disorder (7)
19 Notice upper class departed flatter (7)
21 Row made by binder (4)
24 Depend on piano being included in answer (5)
25 Factory workers depressed easily (5, 4)
27 Press head as it rode roughly (6)
28 Romantic play that's pointless to loser (4, 4)
29 The French crowd the ambassador (6)
30 Policemen finding trouble underneath the arches (4, 4)

DOWN

1 Die away outside current frontage (6)
2 Cheerful information one takes a student (6)
3 Though navy finds it a prickly thing (5)
4 Linen from the country (7)
6 Make up period formerly (2, 3, 4)
7 Yearns over passionate wild guess (4, 4)
8 Show how to make record fail (8)
11 Network keeping first person quiet (4)
15 Despondent over job involving lots of letters (5, 4)
17 Reasonable to give out just business (4, 4)
18 Deposit fish in stodgy dish (8)
20 Sound returning from some choral works (4)
21 Can thwart material for wrapping (7)
22 Animal food for the elderly (6)
23 Turn up in green (6)
26 Old Bob cried when brushed off (5)

Solution to Puzzle No. 4,216



THE ARTS

Television

Familiar faces, predictable plots

by CHRIS DUNKLEY

The trouble with appearing in *a television series in a rôle as* distinctive and memorable as that of Manuel, the unfortunate Spanish waiter in *Fawlty Towers*, is that it takes the audience an awful long time to forget it. This can cut both ways of course: Andrew Sachs would not now be appearing in BBC1's Sunday lunchtime series about writing and spelling, *Write Away*, holding up his thumb and emphasising "thum-b" had he not established Manuel so hilariously in the comedy series.

However it does also mean that when he appears in the title rôle of *The History Of Mr. Polly*, BBC1's new Sunday teatime family serial, one spends the whole of the first episode waiting for him to throw off the disguise of a Victorian draper's assistant and revert to the broken Spanish we know and love. No doubt we must accept such small confusions as one of the prices that have to be paid for the sheer quantity of material offered on television nowadays. The supply of talent is far from infinite and there will inevitably be more occurrences of this sort, not fewer, as the number of programmes keeps on increasing during the eighties.

Mr. Polly had a modest start. Visually there were some interesting moments, including a beach sequence with a line of bathing machines (shot on glass matte, perhaps?) and a peaceful pastoral scene with a mass of poppies looking remarkably artificial in the foreground. The shop assistants' shared attic felt authentically overcrowded, but the main feel of the production was that of tight budgeting; this despite the fact—if I read the end credits correctly—that it was made with at least some co-production money from Australia, another habit which will doubtless become even more common during the 1980s.

Still, at least we know (assuming the adaptation by James Andrew Hall remains fairly faithful to the book) that this serial will have a good *story to tell*, a virtue which seems to have become, in one of those sea changes that affect television from time to time, enormously popular all of a sudden.

Immediately before *Mr. Polly* there was the start of a new ITV teatime serial, *The Further Adventures of Oliver Twist*, which might have been expected to make the very most of having no famous text tying it down *and to go for lots of child*-pleasing activity. Instead it seemed to be intent upon out-Dickensing Dickens with its 19th century mannerisms and language and its succession of uninspiring interiors. Yet writer David Butler has proved his abilities with such impressive series as *Edward VII* and it is hard to believe that he won't have a good story to tell here. He manoeuvred Oliver into school with his old mate Artful Dodger at the end of Part 1, so there is promise.

★

ITV's "Armchair Thriller" is in the middle of an adaptation by Troy Kennedy Martin of Derry Quinn's book *Fear Of God* which is chock-a-block with plot: the girl squatter who falls to her death from the roof of journalist Paul Marriott's house and is later revealed to have been a member of a loony religious sect, the illogical involvement of the Special Branch, talk of futuristic sound weapons, and so on.

The idea that Ministry of Defence Press officers can wander into newspaper offices and prevent publication of anything they dislike is somewhat odd (stemming from a misunderstanding of Colonel Sammy Lohan's rôle in the notorious D-Notice affair of the sixties, I suspect) but I can hardly afford to complain much: the work does, after all, feature a television critic as its central character and depicts him as quite human. Like most of us in the TV-criticism business he brews and bottles his own champagne in a room between the bedroom and the bathroom.

It is pleasing to find in this part Bryan Marshall, one of the most familiar faces in television drama, for once playing a scruffy modern townsman rather than a traditional square-cut officer or a Mummerset countryman. It is also pleasant to find much of the action shot on location, a technique for which there is no substitute if realism is your aim and if you have any concern (as every programme maker should) for the detail beyond the actor's face.

★

BBC1's *Sweet Nothings* is structurally remarkably similar to "Armchair Thriller": it too is a short serial split into half-hour segments with a double ration each week on Tuesdays and Thursdays. In fact it is possible to watch both programmes by switching on ITV at 8.00 on those nights and changing channels at 8.30. While *Fear Of God* is set in London, however, Ted Whitehead's *Love Story* uses Liverpool as a background, a fact which director Martyn Friend somewhat over-emphasised in the opening moments of Episode 1 when he packed in the Liver Building, the Mersey ferry *and* the Kop.

The story threatens to overdo modern urban sentimentality, what with lyricism in the liberating sand dunes (you know the scene even if you didn't see this programme because you have seen it in so many others) and fish and chips on the seat overlooking the Mersey just like they used to have as teenagers. Its saving grace is that the couple, played with charm by Tom Bell and Lynn Farleigh, are married and have been for 20 years, which makes for an interestingly different story.

★

In the case of *Tales Of The Unexpected* which came back with a new series on Saturday, so much importance is attached to the plots, and in particular the "twist" endings, that there is really very little else to them. "Star names" of course (Anglia TV are red-hot on "star names" which they contrive to inject even into their nature programmes) and those embarrassing American-style fireside introductions from Roald Dahl. But precious little character development or even atmosphere apart from the nameless dread so familiar to us from Hammer Films and the like.

Apart from admiring Timothy West's professional looking expertise in handling bees without any protective gear there was really nothing to do during "Royal Jelly," the first of the new series, except wonder how the ending could possibly be other than the utterly predictable one. Finding out that, sure enough, it was just what we all expected made the experience of watching the play seem something like driving ever so slowly towards a very obvious brick wall and instead of nipping cunningly aside at the last minute continuing instead to drive straight into it. Incidentally "Royal Jelly" would be more impressive if Wells and Kafka had not gone so much further with very similar ideas years earlier.

Andrew Sachs and Glynis Barber in 'The History of Mr. Polly.'

I have to admit—and after all the unflattering remarks made here recently about single plays compared to serial drama, "admit" seems the right word—*that the best new drama of* the week, and by a long way, was BBC1's "Play For Today" *A Gift From Nessus*. The ingredients were those of so many other stories: bored middle-aged salesman married to a social climber, two children, adultery, trouble at work, trouble at home, trouble with mistress.

Yet this version, written by William McIlvanney, dramatised by Bill Craig, and directed by James Ormerod, was special. Though it never became a tirade there was a cutting edge of bitterness which kept on peeling away new raw patches so that the work never looked remotely like soap opera. Though it ended with something like hope it involved tragedy of a power that we just don't normally expect in modern domestic settings on television. It was a thoughtful, honest and, although not entirely pessimistic, still rather sad play.

It is important to say that *A Gift From Nessus* was the best *new* play of the week (and of all 1980, so far) because BBC 2 has been repeating *The Lost Boys* which is a giant among television dramas and offers almost unfair competition if comparisons are in order. Unfortunately for Granada their production of *Secret Orchards* in which William Trevor told the story of Roger Ackerley's two households seemed highly comparable: period drama telling of bizarre relationships within an English middle-class family. Despite a marvellously sympathetic performance from Freddie Jones as Ackerley, *Secret Orchards* neither clarified motives and human forces on the historical side, nor worked very impressively as a play. *The Lost Boys* on the other hand offered a very credible reading of history (whatever the truth) and, above all, worked magnificently as drama.

Carnival 80 in Venice

by WILLIAM WEAVER

The new director of the Venice Biennale, Professor Giuseppe Galasso, and the heads of the various sectors—cinema, music, theatre, *fine arts*, architecture—have determined that, instead of limiting their activities to the obvious vacation months of summer and early autumn, they will turn the city into a year-round festival, with attractions designed to draw people to Venice constantly.

Proof of this decision (and of the revitalized Biennale's capacity now to put it into effect) was the recent "Carnevale Teatro '80," a six-day, non-stop array of theatre devised by the Settore Teatro of the Biennale under Maurizio Scaparro, the well-known producer. For these days the Biennale invited to Venice a number of companies or individual performers and, at the same time, encouraged local talent and local theatres to put together special Carnival entertainment. The notion caught the public fancy, there were big articles in every leading Italian newspaper and magazine, and—at the culminating event, a mammoth kermesse in Piazza San Marco—an estimated crowd of 30,000 was dancing, or at least shoving, in the drawing room of Europe, which could more aptly have been described as the Times Square of Europe on this occasion.

The crowd was colourful and remarkably restrained. No major injuries reported. The visitors to the theatre festival were also good-humoured and disciplined. Their number did not reach 50,000, but it was still a high figure, and the Venetian theatres — most of them intimate — were strained to (and past) their capacity. As a result, often there were nervous throngs milling about in the biting cold in the hope of finding a ticket, exasperated house managers trying to hold one audience at bay outside the house, while a second audience, inside, was watching the last scenes of another event (the performances followed one another in rapid succession, and some lasted until 2 o'clock in the morning). Schedules were mysteriously, abruptly changed, and so were venues; nothing began on time. Obviously, these were the running-in problems of a first festival; next year, as this marathon becomes an annual event, presumably things will be better organised, including the harassed and not always cordial Press office.

Not even the most conscientious and the most insomniac critic could see everything, and it is possible that I missed some good production (the Teatro Cronaca of Naples presented *Festa di Piedigrotta* by Raffaele Viviani before I arrived; I hope to catch it on tour). Among the things I did manage to see — seven events in five theatres in three days — the most enjoyable were *I quattro rusteghi* of Wolf-Ferrari at the Teatro la Fenice, and *La donna serpente* of Carlo Gozzi at the Teatro Goldoni (presented by the Teatro Stabile of Genoa).

Wolf-Ferrari's Goldoni operas (he also wrote *Il campiello*, *la vedova scaltra*, and *Le donne curiose*) are occasionally revived in Venice, but have never entered the Italian repertory. Slight, deftly-fashioned, wry, they have a special flavour, a special humour. They are not really comic operas, and enjoyment of them depends very much on a comprehension of the Venetian dialect text (virtually impossible to translate). So the Fenice is the ideal—perhaps the only—place to enjoy these works, along with the Venetian audience, whose amusement at this charming *Rusteghi* revival was palpable.

The opera does not require great voices, superstars, and the Fenice put together a cast with no really big names, but with experienced veteran artists. They all sang well and there was a pleasant feeling of teamwork *in their acting. The sets* and costumes—borrowed from the Teatro Comunale of Treviso —were by Giuseppe Gambino: simple and appropriate. The same can be said of Paolo Trevisi's production. The Fenice orchestra is clearly emerging from a period of decline: it sounded crisp and bright under the pliant, intelligent conducting of the young Maximiano Valdés.

The Gozzi play was given at the Teatro Goldoni, recently restored after having been closed for more than 20 years. While the restoration is not happy (the *facade is downright* ugly), the renewed house is comfortable and capacious: and it was moving to see *La donna serpente* in a house standing on a site where there had been theatre in Gozzi's own day. Nowadays Gozzi is known chiefly as the source of the librettos for Puccini's *Turandot* and Prokofiev's *Love of three oranges*: his complex, loquacious fairy tales are seldom seen on the "prose" stage any more.

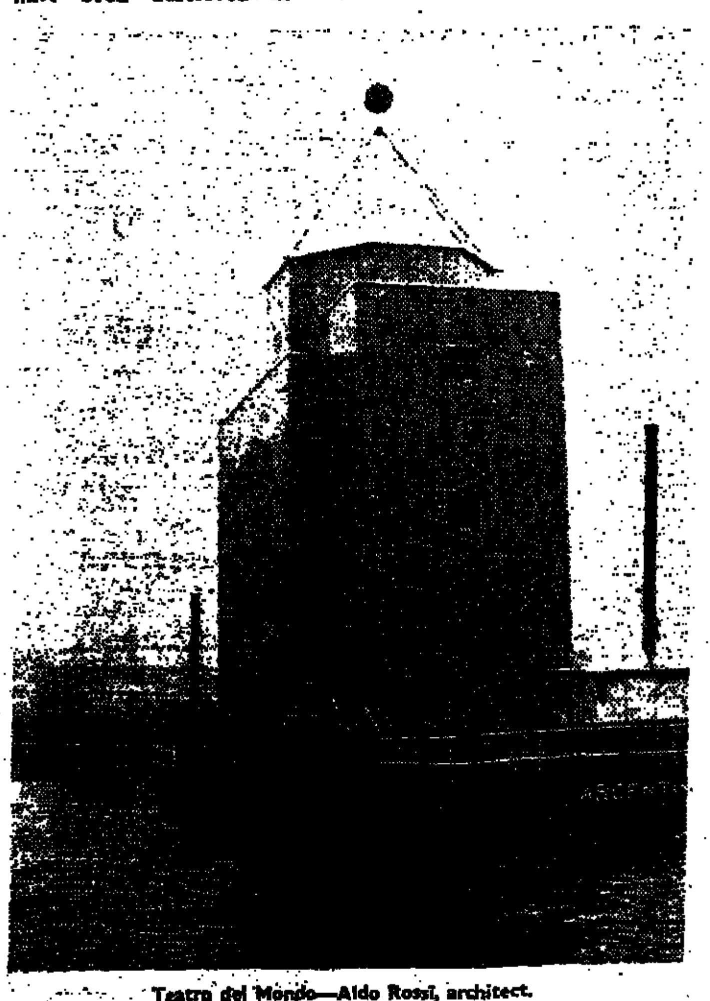
The Genoa production of *La donna serpente is not* literal; but the adaptation by Egisto Marcucci, who also staged it, is affectionate and brilliant and gives a good idea of Gozzi's *highly individual, elegant style*. The sets and costumes by Emanuele Luzzati are also an unalloyed delight, and the monster of the title, with *bulbous eyes and lolling tongue*, is a charmer.

The play requires a sizeable cast, and the Genoa company includes also a number of *young people. Among the older* members, Donatello Falchi was outstanding as Pantalone. Francesco Origo and Miriam Formisano also merit praise as, *respectively*, *Brighella and* Truffaldino. And there is light-hearted, apposite music by Franco Piersanti.

Other Venetian offerings were *monologues by Dario Fo and by* Franca Rame (the latter on the condition of women), a programme called *Naufragé* by the Czech mime Boleslav Polivka (*all right, if you like Czech* mimes), and the incredibly boring *Ritiro* (Retreat), a sermon lasting an hour and a quarter translated from Joyce's *Portrait of the artist as a young man*. The single interpreter was *Claudio Remondi, who kept* fidgeting with his sack-cloth, off-the-shoulder robe and who also forgot his lines a couple of times. The interest, for me, in this production lay in the site, *the Teatro del Mondo*, a new little theatre designed by the much-admired architect Aldo Rossi. It stands on its own barge and can move on its own power. At the moment it is tied up at the Punta della Salute, but it is meant to travel. It might not cross the channel, but its creators visualise it travelling *down the Danube when not in* Venetian service. The raw-wood interior can seat perhaps a couple of hundred spectators (others can stand in the galleries); the benches are hard, but certainly endurable, when the play is.

I also attended an embarrassing performance of some baroque music and a new production by Memé Perlini, the *avant-garde producer who has* now been taken up by the Establishment (the play, *Ligabue Antonio*, by Angelo Dallagiacoma, reads well; but Perlini's staging — which introduces a superfluous drag queen, lots of deafening music, and a real motor-cycle—*swamps the text*).

The emphasis at this Teatro '80 *was more on quantity, of* plays and of audiences, than on quality. There was an air of improvisation about it all, but in the end it was enjoyable. *And, as usual, the real spectacle* was Venice itself: the city upstaged the actors.



Teatro del Mondo—Aldo Rossi, architect.

Money for artists

Commercial sponsors have suddenly discovered the visual arts. Within the past week or so two substantial new supporters have emerged. The Hunting Group of *Companies is putting* up £11,000 a year as prize money for artists while Imperial Tobacco is co-operating with the National Portrait Gallery in a scheme aimed at encouraging young portrait painters with a *£7,000 incentive*.

The Hunting Group is to give £5,000 for the painting of the year by a British artist and the same sum for the watercolour of the year. Another £1,000 will be divided among the finalists. The winners will be chosen by a panel of distinguished figures in the art world including Sir Norman Reid and James Fitton with the assistance of the Federation of British Artists. More information can be had from the Federation, at 17, Carlton House Terrace, London SW1.

The Imperial Tobacco Portrait Award consists of £4,000 in *cash, plus a £3,000 commission* to paint a well-known sitter. The resulting work will become part of the National Portrait Gallery's contemporary collection. The Award is open to artists between 18 and 40 who in the first instance *should* forward photographs of recently completed work to the National Portrait Gallery.

A.T.

Ambassadors

Dylan Thomas Growing Up

by B. A. YOUNG

Dylan Thomas's recollections *in his biographical writing are* immensely enjoyable, with their *selective observation and inexhaustible gift for comic phrase*. *Emlyn Williams gives us nine* choice extracts, speaking with *only a trace of Swansea in his* voice, confining his acting to modest hand-gestures for the most part. Although he said in an interview last week that he wasn't into the poems, he offers two, *The Hand* and the verses *that repeat, like a tolling bell*, the refrain "Death shall have no dominion." He is less successful in these.

He also gives the long posthumous story *Adventures in the Skin Trade*, Thomas's fantasy about his first visit to London, which I have never found very entertaining, though it contains collectable sentences (*and no* one can be expected to write about an evening of Dylan Thomas without at least one quotation) such as "She had two buck teeth and one gold, so she looked like a well-off rabbit." "*Well-off*"—*who else* would have chosen just that epithet, with its consciously demotic ring?

Mr. Williams's delivery has become drier, more studied, than I recall when he first gave this programme about 25 years ago; touches of dramatic emphasis gild throwaway lines like the end of the fashion-girl's description, "seven feet high." *It makes you wonder what* would have happened to Dylan Thomas if he had grown up in the delightfully normal way he recounts in his writing. A lot of reviewing, I suppose, film scripts, long pieces in the colour *supplements of the Sunday* papers.

He would be 67 now. Too old, I wonder, to succeed Sir John Betjeman as Poet Laureate?

Festival Hall

Gilels/Maazel

by ANDREW CLEMENTS

A number of Soviet performers have failed to appear for London engagements in the last few weeks, but Emil Gilels happily was not among them. In his most majestic form, he *played Brahms's B flat Concerto* with the Philharmonia Orchestra at the Festival Hall on Monday evening. Lorin Maazel conducted, and followed the concerto *with more Brahms*, the second symphony, in the second half.

Gilels has long been associated with the second Brahms concerto. A decade ago, he made a famous recording of it with Jochum, and in the meantime, if it is possible, his interpretation has gained in stature. It is a towering, granitic performance now, of immense control—*what wrong notes* there were merely indicated his efforts to wrest maximum in*tensity from the keyboard*— and physical and intellectual strength. Under some fingers the concerto can seem to represent Brahms at his most complacent, satisfied with the fertility of his own invention, moving confidently within strictly prescribed emotional limits. But Gilels harked back to the earlier D minor concerto, suggesting passion and impetuosity, *making of the first movement a* glorious celebration of tonal power.

Between the *frissons* of uniquely powerful playing — *the clusters of double trills in* the first movement punched out, the scherzo for once an equal contest between orchestra and a soloist able to match its resources — *there were equal* moments of quietly heroic playing. The opening of the *concerto was calmly poised*, unhurried, and its mood precisely recaptured in the transition to the recapitulation; the reprise of the cello's solo in the Andante was *clothed in the most* exquisite silver filigree, allowing Gilels to begin the finale in intimate, almost domestic simplicity.

The memorability of such a performance could hardly have *been marred by any sort of* remotely competent orchestral playing. Mr. Maazel's contribution was, however, much more than competent; one or two *details of over-assiduous string* phrasing apart, the charge and brittle sheen he imparted to the tuttis precisely set off the dramatic inevitability of Gilels's *superlative performance*.

Elizabeth Hall

Nash Ensemble

by RONALD CRICHTON

A Franco-British evening in *the Nash Ensemble's series of* four concerts of music of this century. A soothing mixture that would have been more soothing still if a derangement of London Transport hadn't deprived me of the opening work, Debussy's Sonata for flute, viola and harp, whose final rustlings could be heard on arrival in *the foyer on the hall's unflattering* closed-circuit television.

The *winding horn solo at the* opening of Nicholas Maw's *La vita nuova* restored sinking spirits, and the remainder of this song-cycle for soprano and *chamber ensemble kept them* agreeably high. Maw's title is from Dante, the five poems are by Italian poets who followed in Dante's wake, including Tasso and Michelangelo. They celebrate, on an elevated plane, love and nature. The most direct is Tasso's "Tacciono i boschi" placed at the heart of the cycle, drawing from the composer a striking evocation of nocturnal, *moonlight stillness*.

The singer, Elizabeth Gale, was I understand indisposed, but sang none the less with expressive intelligence. I doubt whether her voice is really full enough for Maw's rapt, sustained writing, or her colouring of the words quite vivid enough to project over lacy instrumental writing of the kind always likely, however delicate, to en*danger a voice*. *Curiously* enough, from my seat it was in *the two animated Madrigals*, the second and fourth songs of the cycle, that Miss Gale made the most definite impression.

The second half brought a little-known Messiaen work of 1930, *La Mort du nombre*, whose association of soprano and tenor *soloists with violin and piano* seemed at first unadventurous compared to the infinitely more fanciful palettes of Maw and Maxwell Davies (whose wide-skied *Ave Maris Stella* closed the concert), yet the ardent, unapologetic, unembarrassed directness with which, as poet and as composer, Messiaen sets *down his spiritual raptures soon* imposes itself. Here Miss Gale was joined by Alastair Thompson. Mark Elder was the discreet conductor of Maw's cycle. The playing of the Ensemble had the kind of polish one tends to take for granted.

New End

Jubilee Too

by MICHAEL COVENEY

Stephen Jeffreys made an *impact with a short play a* couple of years back, but his *new piece for the touring company*, Paine's Plough, convinces only as a self-conscious parody of a fringe play. And that is not what was intended. Bernard Culshaw's design provides a large pound note as a backdrop to a tale of money and reprisals among a most unlikely collection of oddball characters.

Ingham has returned from Rhodesia to open a wine bar, abetted by a niece, Charity, who has been put off singing in public by a man who abused himself as he listened to her. *Ingham is a pedantic dolt in the* grip of a loony Scot, MacFadyen who has been running a mercenary recruitment scheme and aims to use the wine bar, and his financial involvement in it, to keep up the bad work. Standing around on the sidelines is a rather under-powered punk *girl who works in the wine bar* but is really being kept in reserve to provide an ending. And then there is Keef, an aggressive ex-mercenary who returns to the Lake District to exact some revenge during those scenes when he does not have to freak out as a result of his experiences. Keef can put up a tent, but not much else, which means his attraction to charity is never fully expressed.

MacFadyen keeps walnuts in his tin bath and, when Keef sticks a gun in his ear and asks for some money, he starts *shovelling them on to the floor*. Mr. Jeffreys' Barker is worse than his bite. When not shovelling walnuts, MacFadyen plays the loyalist and is currently engaged in lighting a beacon for the queen's Jubilee celebrations. The playwright is, I suppose, saying something about the unacceptable face of patriotism. The acting in John Edward Adams' unbelievably po-faced production is ordinary.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Wednesday March 5 1980

Clear mandate for Mugabe

The black voters of Rhodesia have given a clear and unequivocal answer to the question they were asked in last week's election—by whom did they want to be governed? An astonishing 87 per cent of them have cast their votes for either Mr. Robert Mugabe or Mr. Joshua Nkomo, the two guerrilla leaders.

Mr. Mugabe has emerged as the undisputed leader of Rhodesia's majority Shona tribe. Mr. Nkomo has won all the available seats in the regions where the minority Ndebele predominate. There were strong signs yesterday that they would now bury the personal and tribal rivalries that led them to campaign as separate parties in the selection and resume the alliance that served them so well at the Lancaster House constitutional talks.

Tribalism

If this happens, then the new state of Zimbabwe will achieve its legal independence in a few weeks time with a Government with an indisputable popular mandate; and with two rulers who together can work to overcome the everpresent dangers of tribalism in the new state. In these two respects, the election has produced the best possible result. It is not the result that the British Government wanted. But against this, the widespread expectation that the Shona vote would be split between Mr. Mugabe and Bishop Muzorewa has not been fulfilled. The dangers of civil war breaking out have receded. Even the South Africans have grudgingly accepted the result.

For a different set of reasons, the dangers of a "white coup" following a Mugabe electoral victory appear almost to have vanished over the weekend. A series of behind the scenes meetings between Mr. Mugabe and General Peter Walls, the Rhodesian military leader and the effective leader of the white community, have led to an accommodation between the two men that seemed highly improbable as recently as ten days ago.

General Walls's role over the past few days has been constructive. If a truly multinational Zimbabwe is to be built out of the bitterness of the past two decades, one starting point must be for the white leadership to bury the hatchet and to set about playing their part in building a new nation.

Ideology

So, too, Mr. Mugabe. Mr. Mugabe has long proclaimed himself to be a Marxist. He fought hard against the principle of guaranteed white minority representation in the Zimbabwe Parliament. His party has in the past been characterised by an almost jesuitical ideological fervour. It would be a triumph for common sense and an enormous bonus for Zimbabwe if he was to translate his new sense of conciliation and moderation into a Government which restored confidence to the white community.

It would, of course, be quite unrealistic to expect Mr. Mugabe not to take a number of actions that the white comunity will find difficult to accept. There is not a single case in Africa where the leader who has taken power at independence has subsequently lost it in democratic elections. "One-party democracy" is the rule, and one-party rule is likely to be the end-product in Zimbabwe.

Wealth

Mr. Mugabe has been elected by a black electorate hungry to take real political power away from the ruling white elite and to gain what they see as their fair share of Zimbabwe's considerable wealth.

But it is possible to be hopeful that all this can be achieved without a wholesale exodus of the white community. To be able to express such hope is a measure of the triumph of British diplomacy over the past eight months. First Lord Carrington and more recently Lord Soames have trodden a difficult and dangerous road. Lord Soames has had to conduct himself amid a chorus of criticism, accusation and counter-accusation.

If all goes well over the next few weeks—and things could still go wrong—then Britain will honourably have shed its last colonial responsibility in Africa.

A little local difficulty

THE EXTRAORDINARY tightness in the money markets, which has now persisted for some weeks, is causing a bad bout of nerves in the City. The pressures are interpreted in the sense in which the Prime Minister spoke in the recent confidence debate—the inevitable result of an excessive rise in costs, and especially in wages, despite a restrictive monetary target. If this were the whole explanation, it would indeed be a sign of weakness that the authorities should be going to such lengths to prevent the tightness having its natural result—a further rise in rates.

Distortions

However, this is a drastically oversimplified picture. Apart from the restrictiveness of the money targets themselves, the pressures in the market have been greatly intensified by the coincidence of a heavy deficit phase in the business cycle, the impact of the tax-gathering season, the workings of the stock relief system, and the feast-and-famine cycle of Government funding. Further distortions caused by the banking corset and by the reluctance of the clearing banks to raise their base rates have compounded these difficulties.

The distortions are familiar, but it is worth reciting them in detail. The tax-gathering season is producing an exaggerated flood of revenue, both because of high inflation and because of Government measures to bring forward some recipts.

Tax flows alone would cause considerable pressure, but in addition industry has been caught at the turning point of the cycle, with large unbudgeted stocks to finance. It is not easy to move these stocks in a depressed market, and in any case many companies have a strong motive for postponing the effort until March 31, since any disposals before then will tend to bear corporation tax. There is thus a rise in involuntary borrowing.

Reserves

The market has been ill-placed to absorb this peak in credit demand, because the operation of the banking corset has encouraged banks to hold a sub-minimal cushion of reserves. Meanwhile money-market pressures have driven inter-bank rates to a level where some prime borrowers are no doubt using overdraft facilities to finance money-market positions.

Both the commercial banks and the Bank of England see these extreme pressures as temporary, and are therefore trying to accommodate them. Their efforts are unfortunately complicated by the knowledge that the distortions will tend to produce misleadingly high figures for money growth, and by the rapid rise in interest rates in the U.S. The pressures on sterling have so far been quite tolerable, but if the need should arise to smooth the downward adjustment which is both desirable and inevitable, conditions will become still tighter as more sterling flows into the hands of the authorities.

Necessary

In the longer run the demand for credit should abate, assuming that future figures confirm the marked slowdown in consumer credit demand evident in the latest figures. It is then desirable that both interest rates and the exchange rate should move down from their peak levels, bringing much-needed relief to industry.

For all these reasons, the Bank's present tactics should be read not as an abandonment of monetary restraint, but as a necessary attempt to negotiate a painful turning-point without unnecessary disruption. The outlook, as recent forecasts show, hardly calls for a punitive tightening of existing restraints.

For the future, however, it should be noted how far our present difficulties arise out of our own rickety system of monetary control. The crisis-ridden cycle of funding not only produces such domestic incidents; the offer of huge sums in high-coupon long stocks has helped to provoke the capital inflows which have raised the exchange rate some 7 per cent from the level at which it would have been held within the EMS—even after the revaluation last September. The promised reform of monetary control now looks at least as urgent as the fiscal correction which is to be expected from the Budget.

Clearing banks' embarrassment of riches

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

The chairmen of the big four clearing banks: (left to right) Mr. Robin Leigh-Pemberton, National Westminster Bank; Sir Anthony Tuke, Barclays Bank; Lord Armstrong, Midland Bank; Sir Jeremy Morse, Lloyds Bank.

THE BIG four London clearing banks are embarrassed by the greatly increased profits they are now having to report. They are finding it difficult to explain why they should be entitled to hold on to profits which have jumped 70 per cent in one case and 90 per cent in another, largely as a result of a fortuitous and Government-inspired rise in bank base rates.

The two banks which have reported so far have resorted to that expedient increasingly popular among highly profitable companies of emphasising inflation adjusted profits instead. This accounting method, which will shortly become standard practice for large companies, reduces profit increases significantly. But the fact remains even on this basis that the banks were vastly more profitable in 1979 than other parts of British industry.

Head office briefing

The clearing banks cannot say that they have been unprepared for the political flak which has tended to become a regular feature of the clearing bank reporting season during periods of much increased profits. On the contrary, it is a safe bet that every bank manager in the country has had a briefing note from head office outlining the best way to handle nasty questions from customers and the media.

The explanations given are probably the same as those given at the banks' Press conferences. Here inflation-adjusted profits probably receive most emphasis, backed up by the claim that the banks need every penny of these profits to maintain a minimum level of gearing between shareholders' funds, and customers' and other deposits. Reference to the cyclical nature of bank profits is also common, and the imprudence of the secondary banking crash in 1973-74 provides good corroborative evidence for the majority of the clearers. Another argument is that the country needs a sound and profitable banking system. "Who would leave his money with us if we reported a loss?" one clearer asked yesterday.

All of these are sound points, and have their merits. But a credibility problem persists—partly because the clearers are so bad at communicating. It is impossible, for example, to obtain UK profit figures from the big four for any of the past five years. The best indicators journalists have been able to obtain are approximate percentages. These, like the inflation-adjusted accounts, are unaudited and rarely are they clearly defined. To take one example: at its Press conference Lloyds Bank said that UK profits were up 70 per cent on last year. The bank later agreed that a more accurate figure for the UK profits increase would be 90 per cent. It all depends on how you define the UK.

Again, the banks' use of inflation-adjusted figures might have been more convincing if they had been able to come up with profits estimated on this basis over the past five years. After all, stockbrokers such as Phillips and Drew attempt to forecast most companies' future inflation-adjusted results for a year or two ahead.

This is part of the problem, which is of the banks' own creation. They also exhibit a reluctance to give any quantification of the benefit they gain from rising interest rates throughout the year on their interest-free current account deposits. This is the so-called "endowment" element of clearing banking in the UK. Put simply, it means that the banks do not have to pay any more for current deposits, beyond the costs of collection, while they are able to lend these funds out at higher interest rates. Could it be that the solution to the problem of fluctuating bank profits would be to pay interest on those current accounts?

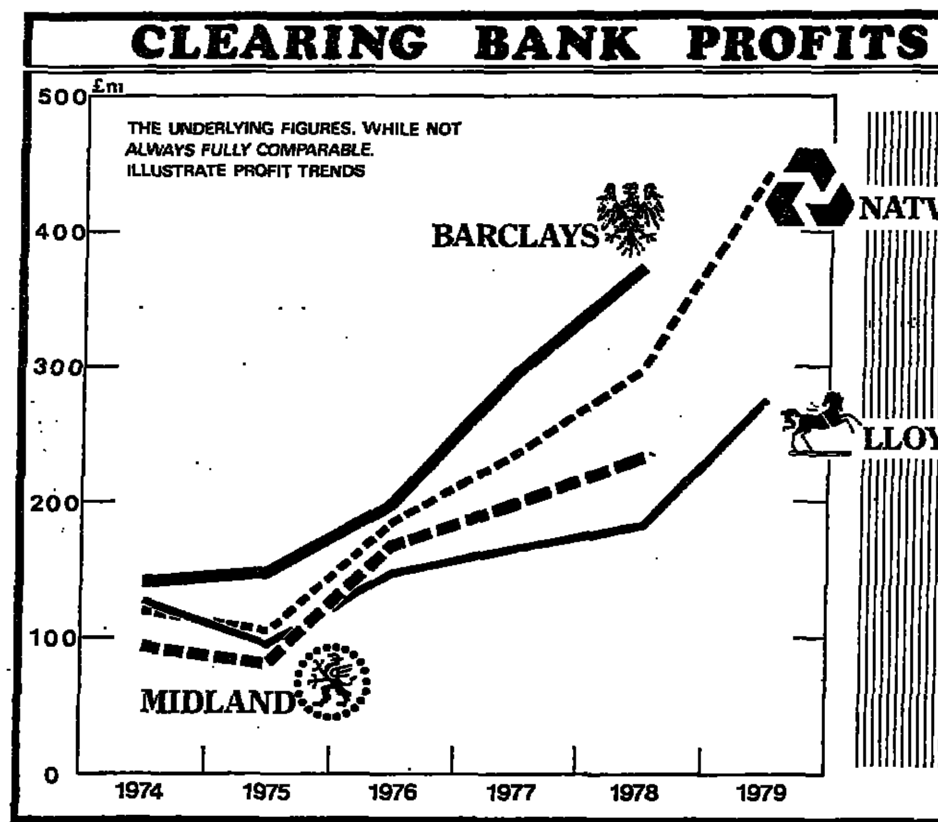
At least one of the big four clearing banks has been considering doing this over the past month, but has yet to make a decision. Other banks have considered such a move from time to time, but it is probably fair to say that there is a general reluctance to abandon the present system, which has not really failed the banks yet.

The payment of interest on current accounts is not a revolutionary idea. It is common for banks to do so in several European countries, and the practice is now developing in the U.S. Even in the UK the Co-op Bank once had such a scheme.

In a small, but significant, way the clearing banks have already recognised that current account customers should be rewarded for their funds. Thus they make a notional allowance against the bank charges applicable on current accounts, so that only one in three customers has to pay bank charges.

The notional allowance suffers from one great disadvantage. It does not fully reward people for deposits where the interest applicable is greater than the amount of the bank charges. Overall, as this year's profits demonstrate, it leaves the banks with an opportunity to make increased profits when interest rates rise, without having to pay significantly more for the use of their funds. Only a small proportion of customers has taken the initiative of switching over from current to deposit account.

One of the reasons why clearing banks are reluctant to pay interest on current accounts is the series of consequences this would have throughout the clearing bank system. To start with, customers would have to be charged more for services which they receive at present at a subsidised price. This, in turn, would focus more attention on the costs of banking. It might well hasten the rationalisation of the retail banking system which many bankers say is long overdue.



The clearers say they are already tackling the cost problem in the expectation of much lower interest rates next year or later. Experiments under include a conversion of bank branches into friendlier service offices, the centralisation of back-up services, such as customer accounts, on a regional basis, and a concentration of bank management at larger branches more suited to the corporate market. All the banks have also been promoting the use of "plastic money" in the form of credit cards and, more recently they have been installing cash dispensers which provide access to cash outside normal banking hours.

Related to the problems of current account interest and increased automation in banking is that of the "unbanked" population, for about half the country's adults do not have an account with a clearing bank. Most of them are weekly wage-earners, according to the banks.

The clearing banks realise that they will have to tackle the unbanked part of the population sooner, rather than later—for both economic and social reasons. They admit, however, that, as things stand, they would not be equipped to cope with a vast influx of new personal bank customers.

Why do so many people not have a bank account? Reasons cited include the UK class system, where the clearing banks are seen, and probably have seen themselves, as the banks of the middle class, the Truck Act, which entitles weekly wage-earners to receive their wages in cash, and trade union attitudes.

Once the clearing banks go after the unbanked market, the payment of interest on current account could be an important factor in success or failure, bankers say. One view is that current account interest would add another deterrent to tackling the unbanked, since the the banks reckon that such expansion would not be profitable so long as wages are paid weekly. But the opposite view is also held, namely that interest payments could be an important sales feature in the banks' marketing campaign, both in the banked and unbanked sectors.

Strangely, clearing banks believe there would be strong resistance within the banked part of the population, to the payment of interest on current accounts. The main reason is that the interest would be taxable and would have to be reported annually to the Inland Revenue.

It must be a matter of judgment whether millions of current account holders would prefer not to receive interest, which in many cases could run to significant amounts, for the sake of the administrative convenience of not having to enter the interest on their tax returns, and of not paying over part of it to the Revenue.

If a clearing bank were to introduce interest on current accounts, the problem might be overcome by giving people the option not to receive interest if they wished. It seems unlikely that in such circumstances the Inland Revenue would seek to assess customers on a notional interest payment.

It should also be possible to design a scheme in which interest would become payable only when the level of interest rates makes it economic to do so. Assuming bank estimates are correct, it now costs about 8½ per cent to collect current account money, so the banks should be able to start paying interest at some suitable margin above this, say, when base rates are above 8 per cent.

Unless the clearers can move to become more flexible in such ways, the retail banking system will continue to suffer from serious structural defects. In particular, there is much cross-subsidisation, as between one group of customers and another, and thus the pricing tariff penalises one type of customer at the expense of another. At present the real cost of processing a cheque transaction is about 30p — roughly twice that which the banks pass on to customers.

Beneficiaries of system

People who benefit from the present system under high interest rates are most obviously those who maintain small current account balances and use their accounts a great deal. The main losers are the people with large balances and relatively infrequent account use. The clearing banks are open to potential competition for the latter group. It would not be very difficult for an American bank, for example, to offer a current account banking scheme which appealed to it.

During periods of low interest rates, on the other hand, the clearers are at a relative disadvantage to the building societies, which generally offer better interest rates, and which have made great strides in attracting personal deposits over recent years.

It is understandable that the clearers should be embarrassed by their profits bonanza. Their large "windfall" profits have been made on the back of rising interest rates, for which they have borne no additional costs. When interest rates fall the boot will be on the other foot.

This is so because the banks run a retail system which is not flexible, and which needs to become more flexible before the bad times come.

MEN AND MATTERS

Hunters win HMG approval

With two of our main state-owned corporate bodies in the market for new heads, and many other companies apparently in dire need of a transplant, it seems hardly surprising that Britain's executive search industry is flourishing.

Official patronage is also helping, I hear from Christopher Wysock Wright, managing director of searchers Wrightson Wood. The Government's use of headhunters in its search for a new chief at British Steel signifies "a marked change of attitude," he tells me.

Wright's own London-based business, started with Lord Birdwood and backed by Guinness Peat, is making great strides forward only five months after its foundation. A Bristol bureau has just been opened and a Midlands office will be set up in the next three months followed by two more in the regions by the end of the year.

He is on the verge of signing up in a joint venture with New Yorkers, Haskell and Stern, and plans to establish a base in the Far East. The whole network will be primarily concerned with plugging the gaps—and creating a few—in British management.

In the overseas ventures a major task will be to trawl around local industry seeking out home-sick expatriate executives with the aim of repatriating them as comfortably as possible.

Wood has firm views on technique, shunning the "cocktail party" approach, and is convinced that the Government is not looking in the right places for the people to lead its own enterprises. "There is an enormous amount of high-quality material one level below that which is normally in touch with high-ranking Government officials," he says. "In the mid-forties age range there is a wealth of top-class talent. If you want Angus Murrays there are plenty around—and 10 years younger into the bargain."

"I'll say this for Election Year—he's changing his mind much more decisively these days."

Takeoff

The family crest, featuring "a mullet (star) erminois between two wings argent," seems to herald a bright future for Vivian Baring and Partners. All the brighter, perhaps, since their new venture, Wings Aviation, is backed by the reputation of the Earl of Cromer, former Governor of the Bank of England. Baring is the Earl's younger son, and papa is one of the partners.

The lanky, fresh-faced, Baring offers all that is required for the man who finds travelling with the masses tiresome and time-consuming. He claims to have access to about 1,000 planes, from big jets for company flights to bubble helicopters "for farmers and sporting people."

Hobby-pilot Baring explains that all the initial finance, the grand sum of £5,000 over the past two years, has come from his partner Mike Wenninck, formerly training captain with Air Kent—which went to the wall last week.

The operation will apparently be run on a shoe-string at first, mostly by Baring, who will sit at the telephone in the family seat, advertising via a home-made mailing list. Much interest naturally focused yesterday on the famous name. Arriving late for the company's launching party, having taken a scheduled flight from Jersey, the Earl entered unnoticed, however. "And what exactly is the Earl's connection with the firm?" Baring was asked. "Parenthood, in any sense you might name," boomed a comforting, distinguished voice from the back.

Separate planes

An understandable reticence descends when the practical ramifications of the new friendship between Israel and Egypt are discussed — understandable not least because of the Palestinian guerrillas' threat to shoot down any planes flying between Tel Aviv and Cairo.

El Al, however, has decided to go ahead and offer a service. Egyptair has not. Why not? "I would prefer not to answer that question," said an Egyptair spokesman in London yesterday. "It is politically loaded." However an airline of which no-one seems to have heard before, called Lotus Airlines, is starting a service from Cairo to Tel Aviv today. "It is a separate company in the private sector especially set up to carry passengers on this route. It has no connection with Egyptair," I was told. "We have ceded the rights to this route." Quite who, in that event, is behind Lotus Airlines, remains something of an enigma.

Hidden treasure

My nomination for no-hoper of the week goes to Swiss parliamentarian Kurt Schuele, who is campaigning to wrest from the gnomish grasp of the Government a treasure trove of uncirculated gold coins gathering dust in the national bank's vaults. He wants the 21m coins, struck in the late fifties, to be put on the market and the income to be used for special economic and monetary programmes.

Schuele paints a tempting picture of the potential rewards. Down on the bank's books as worth a mere £163m, the 25 and 50 franc pieces must today be worth something like £1.2bn in metal alone—not to mention the probability of krugerrand-scale premiums and the £78m the Government would claw back in turnover tax on sales. The valiant campaigner, who has so far been met with stony silence from the bank and Government, tells my informant: "Hoarding gold is senseless." Had he said that six months ago I suspect by now he would have been looking for a job.

Gee man, thanks

Policemen are not generally noted for their contribution to Art, but last night a U.S. cop —William Webster, director of the FBI—received the twelfth annual cultural award of the Recording Industry Association of America.

Far from discovering a prominent singing policeman, the record producers were thanking Webster and his G-men for combatting the $400m pirating, counterfeiting, and bootlegging industry. Last year the police managed to confiscate a grand total of $50m-worth of illegal recording equipment, tapes and records.

Name game

Bored Foreign Office bureaucrats found time during the last few months to work out that Mugabe spelt backwards has a distinctly Yorkshire ring to it: e-ba-gum. Someone with even more time on his hands has now worked out that, with a little doctoring, Bishop Abel Muzorewa can be turned into Ah rule Zimbabwe . . . oops.

Observer

هكذا من الكحل

A CASE STUDY BY ROBIN PAULEY

The rates explosion

THE CITY of Newcastle upon Tyne has announced the *highest rate in Britain.* That puts it at the head of the list *of councils almost certain* to be penalised by the Government *for breaking maximum rate guidelines.*

By proposing a rate of 176.5p in the pound, including precept contributed to *county finances,* Newcastle is farther away than *any other authority from the* guideline of 119p in the pound set *by Mr. Michael Heseltine,* Environment Secretary. It will be *followed* by authorities like Sheffield and Doncaster outside London and Lambeth and Camden within the GLC. Many authorities have still to fix their rate. A number are now certain to go above 150p. It is around this level that Mr. Heseltine will probably draw the line and produce a list of 10 to 15 authorities to penalise.

The pattern emerging of those likely to be penalised so far is *one of Labour councils with a* tradition of high spending on *items such as housing, education and social services because they are in inner city areas of* high social need. Newcastle fits that pattern.

Authorities in this position could hardly avoid breaking the *guidelines* because general limits — or average as the *Environment Department* has now decided to call it—were set without considering the prevailing local rate or the extreme difficulties faced by some authorities.

The precise penalties to be *applied remain unclear but they* will take the form of a future *claw back of part of the grant* that central government makes to the *finances of local* authorities.

Rates in Newcastle in 1979-80 already exceeded the Government limit for 1980-81 and thus had no hope of achieving anything close to the 119p level for the coming year. On the other hand, staffing levels in Newcastle, *as in other high spending* authorities, have grown enormously since the local government reorganisation in 1974.

Local authorities fix their rate by each committee producing a draft budget for the next *financial year.* The budgets are then *submitted by a resources and general purposes committee to a finance committee and must eventually be accepted by a full council vote.* The rate is determined by the amount *required to be raised after* allowing for grant from the *Government and income from* rents, dues and the like. *Local* authorities are obliged to finish their budget debates and fix their rate for the next financial year by March 31.

Newcastle proposes to raise its rate for 1980-81 from 94p to 126.5p in the £, an increase of 34 per cent, and when the city's *contribution to the county* finances is added the final rate will be 176.5p. *That will compare with 133p in 1979-80.*

The committee draft budgets for 1980-81 show that the city came to the top of the rates league table through the knock-on effect of high spending in social areas in previous years, aggravated by inflation. In 1976-1977 and 1977-78 the city was able to draw on accumulated balances *to hold its rate.* But with balances now down to the perilously low level of £2.75m as against £180m gross annual expenditure, there was no possibility of another such raid.

It is noteworthy that high though rates are in Newcastle, their increase since 1974 has not kept up with the rate of inflation; neither has the Government grant.

The final figure for 1980-81 means that the city will receive £39.67m in rate support grant, *leaving* £65.78m net after all income to be met from rates. *For ratepayers rises will vary from about £4 a month more* for average council tenants to about £18 a month for a four-bedroom detached house with a rateable value of £400.

The council has managed to cut its original budget proposals by £4m, rejecting further options which would have *raised* that figure to *£7m*—probably still not enough to *convince Mr. Heseltine that real* efforts had been made to eliminate fat.

It is on the fundamental issue of whether—allowing for all the special problems relating to inner urban areas—Newcastle is spending too much because of poor costs control and excessive staffing levels that the decision on penalties will rest.

One of the most serious problems concerning high spending authorities in areas of high unemployment is the reluctance to probe public sector staffing levels because of the fear of redundancies.

With unemployment above 10 per cent, rising to 22 per cent in the area by the river, safeguarding every job is a priority.

The rundown of heavy engineering and shipbuilding has been severe and unless an order for 60 Chieftain tanks can be gained soon from the Ministry of Defence, the Vickers plant at *Elswick* will close with the loss of 1,500 jobs, "a *haemorrhage which Newcastle* is not in a position to sustain," says *Mr. Jeremy Beecham,* leader of the Labour majority in the council.

One sector where jobs have not been lost is in the council. The number of employees has risen from 15,000 to 19,300, an increase of a third, in six years. There is strong resistance to the notion that there might be a case for looking at what they are all doing, whether they could be doing it better—or *whether it needs doing at all.*

This is part of the general question of how the city manages its affairs. Take, for instance, the provision of housing. There are streets of well preserved Victorian buildings in the city, particularly Grey Street which includes the splendid *Theatre Royal, third home of* the Royal Shakespeare Company, *but the quality of some* newer buildings in nearby residential areas already marks them as the slums of tomorrow.

In common with many other inner city urban areas Newcastle faced the need for extensive slum clearance and redevelopment after the war. Mr. *Beecham admits that under both* Labour and Tory councils, deal*ing with it has been "a catalogue of disasters."*

Housing built in the Noble Street scheme in 1956 was of such poor quality that it has already been demolished. The ratepayers will be paying the debt charge until AD 2016.

Poor standards, use of wrong materials, fancy but impracticable design, "rip-offs" by private builders and impossible cost yardsticks have all been blamed for the troubles encountered in providing 52,000 council homes.

As all plans have to be approved by city architects' departments and housing committees there would appear to have been some serious errors of management and control.

The *local* ombudsman has found the city council guilty of *maladministration in one area,* Rye Hill West, a *cause celebre in Newcastle. Since 1968 more* than £2m has been spent trying *to renovate three streets of* houses and a solution is no nearer.

Demonstration

A member of the tenants association recently threw Rye Hill cockroaches across the Housing Committee chairman's *table and demonstrators made* the point that councillors "would *not stand a week of what we* have to live in."

The council has decided to cut the housing budget by £1.44m, to be made up mainly by increased rents. But rents are to rise by only 75p despite a guide*line of £1.50 from Mr. Heseltine.* His suggestion that rents should *be increased by a further 60p a* week in the second half of this year will almost certainly have to be followed.

Newcastle's housing revenue account for 1980-81 already shows a £8m deficit and even before the recent announcement of a reduction in government *spending on housing by 21 per* cent, management and mainten*ance costs per council dwelling* were estimated at £185 and the gross debt charge per dwelling had reached an average of £10 a week. The city's building and repair programme will now inevitably be severely curtailed.

A rent increase of £3.60 would have been needed to balance the housing revenue account. The 75p rise will bring *the average council rent to* £7.20, although an extensive *rent and rate rebate scheme* operates.

A large *amount of money has* been lost in the operation of a *direct labour department for* housing repairs and maintenance. *At one point the DLO* had mushroomed to more than 500 people and was losing around £100,000 a month. It is now being run down and phased out. Last month a stiff note from the district auditor to the council said the DLO had failed to achieve productivity *to enable it to compete* for jobs against private contractors.

Moreover, it said that a review of housing maintenance controls had uncovered inadequate planning work, inefficient inspection by foremen before and after work, *high levels of bonus—£100 a* week was common—which *raised doubts about effectiveness* of control, and weaknesses in materials control.

In addition to housing the big spending departments in Newcastle are education and social services. But this year the contingencies fund of £20.2m (representing 38.9p in *the pound of the local rate)* for pay and price increases is *second in size only to the education* bill of £47.22m.

Newcastle has a well-developed education system with entry to primary school before five and the best pupil-teacher ratio in Britain at 15:1. School milk *is free* up to the age of 11, school meals are pegged at 35p, pocket money up to a maximum £364 a year is *given by the council to sixth* formers.

While the majority Labour group led by Mr. Beecham feels that the *education system* should be jealously protected and that the future of the area depends on more and better *educated youngsters as traditional* apprenticeships *disappear, the Tories see the* education department as a profligate spender, ripe for big cuts even at the expense of the teacher-pupil ratio.

Retirement

The education committee considered cuts which would have saved £3.6m but opted in the end to cut only £1.2m. Of that *£400,000 comes in savings from* falling school rolls which will *lead to reduction of 60 teachers* —through early retirement and natural wastage. There is little evidence of any real effort in Newcastle to examine the efficiency of the education or any other department. Cheap school meals for example may be justified: but the cost of providing *them in Newcastle is among* the highest in the country.

In three separate places in the Arts and Recreation *Committee budget the following* item appears: savings achieved through increased efficiency, estimate 1979-80, credit £20,000; probable 1979-80, £0.0; estimate 1980-81, £0.0.

Mr. Beecham has formed a small committee to monitor every vacancy which arises in the council, the employer of one in seven of the city's workforce. But no members of the opposition sit on it. There is a multi-party efficiency sub-committee but it has had only one meeting so far.

The overall impression of Newcastle is that of a traditionally high spending authority in an area of great social need which can justify much of its expenditure, but which does have considerable scope to improve efficiency. Mr. Beecham argues that the *council is "embattled"* and cannot avoid its spending levels given the problems.

Whether Mr. Heseltine's plans to claw back grant is the right way of dealing with councils like Newcastle is doubtful. A shortage of cash because of penalty is more likely to lead to higher rates to make up the shortfall or a reduction in *services or both, rather than to* an attack on internal efficiency and overmanning.

In a curious way it is already causing higher rates: Tyne and Wear County Council is anticipating a reduced income from precept next year compared with the estimate. This is because claw back would reduce the product of the district penny rate on which the county calculates how much it will receive *in precept. So it has added 1p* to its rate as a contingency against a district in its area being penalised. This is exactly contrary to the intentions of Mr. Heseltine's moves.

NEWCASTLE: INFLATION AND RATES

	Retail price Index*	Support from Government* Index	Support from Government* £m	Domestic rate* Index	Domestic rate* p
1974-75	100	100	20.9	100	66
1975-76	124	118	24.7	123	81.5
1976-77	147	127	26.5	120	79
1977-78	173	131	27.4	122	80.5
1978-79	187	141	29.4	145	95.5
1979-80	205	160	33.5	173	114.5
1980-81	246†	190	39.7	239	158

* Index figures calculated on base of 1 April 1974 = 100
† Assumes increase of 1.5 per cent per month to April 1980

A GLOSSARY OF THE RATING SYSTEM

Local authorities have two main sources of income: RATE SUPPORT GRANT from the Government which at present, on average, provides 61 *per cent of local authority income;* and the RATES which are a levy raised by each authority on domestic and industrial properties.

To assess it, each property is assigned a RATEABLE VALUE by a civil service valuer. It is the notional rent per year that the property would command. The rate payable for each property is expressed in PENCE PER £. If the rate is fixed at 110 pence, it means that £110 have to be paid for every £100 of rateable value.

Part of the *rate assessed* goes towards the PRECEPT which is the *payment the local authority makes* to its county for the services it provides.

Letters to the Editor

Imports of carpets

From Mr. S. Stewart

Sir,—The reason why the Government have not made the "realistic response" demanded by Mr. R. O'Sullivan (February 29) to the "compelling case" for a tariff on imports of tufted carpets from the United States —equal to the difference between British and American energy prices—is simply that *the problem has nothing to do* with energy prices.

The British industry is already protected from American competition by a tariff of 23 per cent plus 3.45 per cent extra VAT (on top of the duty) plus transport costs. The first two amounted to £343 on the average *landed price* of £1,297 per tonne for imports *from the U.S. in 1979.* The difference in British and American oil prices in the first half of 1979 was less than £7 per tonne.

The Department of Trade says that in some nylon tufted carpets the nylon pile accounts for about 40 per cent of the selling price. The proportion by weight is presumably significantly less. *One tonne of carpet* yarn requires about 2.5 tonnes of naphtha. Less than one ton of naphtha is required to make a tonne of carpet.

The division of a barrel of oil between naphtha and other petroleum products can be varied to meet market conditions. *In 1973* the refinery margin was only £1.8 per tonne. *In the third quarter of 1979 it* was no less than £47.3 per tonne, an increase of 2628 per cent.

In 1979 imports from the EEC were twice as large as from the U.S. The average price per tonne was 15 per cent less than the American price, after taking account of the *duty/tax.* The price per square metre was 21 per cent less. *British exports* fob were astonishingly 5 per cent less than the American cif price by weight and 18 per cent by area.

The real problem is that since the fourth quarter of 1976 the real exchange rate of sterling against the dollar has risen 45-50 per cent to the detriment of British industries *which depend for competitiveness* on long runs. The problem *in the case of carpets is compounded* by the cartels which undoubtedly exist at earlier stages in the production process, but this is secondary to the damage which is being caused to this and every other industry making internationally tradeable goods by the monetary and exchange rate policies pursued by successive Chancellors.

Shaun Stewart.
The Old House,
Willards Hill,
Etchingham,
East Sussex.

Using credit cards

From Mr. D. Jackson

Sir,—Mr. Kreamer (March 3) chooses to make light of the point I am making. Surely he does not consider it is right that people should be encouraged to borrow money at interest rates of over 30 per cent per annum.

I am not saying credit cards are bad as long as they are settled at the end of each month *when no charge is made for interest,* but my point is that *people are not encouraged* to do this. The "free" credit *cards are only profitable to the* banks if people pay off money *borrowed in instalments and* are thus charged vast rates of interest, and it follows therefore that they must be encouraged to do so. (This does not include American Express or Diners Club where one has to settle monthly.)

A suggestion made to me has *been the possible use of stamp* duty on credit cards of, say, £25 *which would be given to* Government funds and would *make everybody think twice* before taking their credit cards which are at present so eagerly thrust at them like sweets to children.

David Jackson.
5-6, Yarmouth Place, W1.

Industrial designers

From Mr. S. Oliver.

Sir,—Industrial design is concerned with the aesthetic *and economic planning which* takes place before an artifact is produced within an industrial context.

The industrial designer, in the practical interpretation (in common usage) operates at the interface between conventional engineering design (which tends *to concentrate upon functional* design specification demands such as stressing and power transmission) and the manufacturing area—working closely with specialists in production technology, market research (designing the brief), packaging, quality control, safety, servicing, and through such agencies as value engineering committees.

The industrial designer gives much attention to such aspects as appearance and ergonomics in order to achieve the double-objective of consumer satisfaction and manufacturing economics. The industrial designer is concerned with the *"totality of the product"* and thus seeks to integrate the *whole effort to secure customer* demand and satisfaction. Engineers should thus be encouraged to see the "totality of the project."

The head of a polytechnic engineering department recently remarked that *industrial* design was a postgraduate activity. *Nothing could* be further from the truth. *Engineering design must* be fully integrated at all stages of *engineering* degree courses, just as it must permeate all levels of engineering design organisations.

There is surely a case for giving a much-needed boost to industrial design in this country and for the industrial design organisation to report directly to the chief executive and work in tandem with "conventional engineering design." In this way, it will not become integrated and lost in the whole.

Stanley Oliver
(Senior Lecturer),
Department of Business Studies and Management,
Salford College of Technology,
Salford, Lancs.

Public sector borrowing

From the Chairman,
Independent Treasury
Economic Model Club

Sir,—I was intrigued to read Samuel Brittan's and Peter Riddell's *joint front page article* on February 28 reporting the Treasury's new prediction of a sharply lower public sector borrowing requirement in 1980-81 than was previously *anticipated. Nowhere did I find* this described as "nonsensical."

Yet when the ITEM club, using the Treasury model and with similar policy assumptions plus a fairly accurate prediction of the oil price rise over the turn of the year, forecast in October "a much-discussed large drop in public borrowing," your leader on November 23 called *this "nonsensical."*

We must, of course, await the out-turn to see what actually happens. But it does seem that you should perhaps be less sceptical of the value of private use of the Treasury model.

Brian Reading.
10, Chesterfield Street, W1.

£3bn margin of error

From Mr. R. O'Keefe

Sir,—Dr. Heller (March 3) on the margin of error in the public sector borrowing requirement has failed to appreciate that the PSBR is merely the difference between public sector receipts and public expenditure—both of these amounting to approxi*mately £100bn. Thus, if public* sector receipts are £96bn and public expenditure is £104bn, the PSBR is £8bn. It follows, therefore, that an error of only 3 per cent in either the receipts or the expenditure figures could lead to a £3bn error in PSBR. The 3 per cent error is well *within the margins of 3-5 per* cent quoted by Dr. Heller as acceptable. To be "left breathless" by a supposed error of 35 per cent is to have misunderstood the problem.

After many years of wrestling with the difficulties of planning in the public and private sectors, *I am still amazed that so many* people fail to appreciate the problems that arise from having to take decisions on figures which are themselves relatively small differences between very large numbers and so are subject to considerable error.

R. K. O'Keeffe.
14, Hillydeal Road, Otford,
Nr. Sevenoaks, Kent.

Not all doom and gloom

From Mr. A. Jacobs.

Sir, — Samuel Brittan (February 28) appears to be the only economic commentator to recognise that all is not "doom and gloom" for the UK viewed from both a short-term and medium-term perspective.

In calculating the prospects for the forthcoming Budget no one else appears to take into account that there are two sources of revenue the Government will receive in 1980-81 which are outside the normal calculations of inflationary increases. The full indexation of personal allowances is merely a self-balancing effort to offset the effects of fiscal drag. If the Government is moderately successful in reducing public expenditure then the expectation must be that the public-sector borrowing requirement will be around £9bn.

The mystery that exists is *why other economic commentators* have not taken into account those two large additional sources of revenue, namely a full year's VAT (as opposed to six months in the current year) and the vast additional income from oil which will accrue to the Government in 1980-81. Together, these two sources of *revenue will produce an additional* £4.6bn. This sum would be sufficient to reduce the basic rate of income-tax from 30 per cent to 25 per cent (£2.5bn), to abolish both the investment income surcharge £0.3bn and capital gains tax £0.6bn and to reduce public-sector borrowing requirements to £8bn.

That no economist or economic commentator takes this optimistic view is not because *there is any doubt that the additional* revenue will accrue to the Government, but *the expectation* that as usual the growth of public expenditure will substantially absorb this windfall.

Anthony Jacobs.
21, Clarence Terrace, NW1.

Compensation system

From the Deputy Director-General, Confederation of British Industry

Sir,—Mr. McRobb (February 29) asks for the CBI's views on what he rightly describes as two thorny problems arising out of the draft EEC directive.

I regret that I cannot help him since, as our full comments make clear, we regard the uncertainties over the meaning of "identical" and on the position of component manufacturers to be examples of deficiencies in the draft itself. However plausible its principles may appear *at first sight, there are severe* difficulties in putting them into practice. That is why we have called for a complete rethink, taking full account of the work put into the U.S. Model Act. The U.S. authorities have gone into the subject in much greater detail than the draft directive, and explicitly recognised that tort law is not a suitable basis *for the sort of compensation* system which the European Commission is *really seeking to* introduce.

Bryan Rigby.
21, Tothill Street, SW1.

Product liability

From Mr. T. Marriott.

Sir,—Although not representing the Confederation of British Industry, perhaps I could reply to Mr. McRobb (February 29).

With regard to his first point on product liability, the word "identical" is in fact a translation point. The directive was drafted in German, but unfortunately the German word does not mean exactly identical and there does not seem to be an absolute equivalent in English. The problem is to devise a phrase which will accurately represent the intention in the original and yet translate into all six languages of the Community.

With regard to the *second* problem, the manufacturer of a component will not be liable unless there is a defect in his component and the mere fact that the producer of the final product may have misused it so that the final product is defective places the responsibility on that producer and not on the manufacturer of the component.

T. W. Marriott.
13, Claremont Road,
Norwich, Norfolk.

Today's Events

GENERAL

UK: National Economic *Development Council meeting:* TUC presents 1980 economic review: Mr. Gordon Richardson, Governor of the Bank of England, becomes NEDC member.

Sir Keith Joseph, Industry Secretary, speaks at Timber Trades Federation annual *dinner, London.*

Iron and Steel Trades *Confederation, National Union* of Blastfurnacemen, Transport and General Workers Union, General and Municipal Workers Union and craft unions' delegates conference to consider ways of intensifying steel strike.

Mr. John Comyns Carr, CBI consultant, speaks on product liability—a growing concern, *Building Centre Bristol.*

Overseas: Herr Helmut *Schmidt, West German Chancellor,* meets President Jimmy Carter in Washington to discuss world problems, especially South East Asia.

President Valery Giscard d'Estaing of France starts two-day visit to United Arab Emirates.

OECD Agriculture Ministers meet in Paris for two days.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Opposition motion on the *damaging effects of Government* cuts in employment and training opportunities when unemployment is rising steeply. Proceedings on the Slaughter of Animals (Scotland) Bill and Reserve Forces Bill (both con*solidation measures).*

House of Lords: Debate on the lack of adequate home and civil defence. Debate on facilities for legal aid in juvenile court cases.

Select Committees: Education, Science and Arts; Scottish Affairs; Foreign Affairs; *Industry and Trade; Transport;* Employment; and Public Accounts Select Committees meet.

COMPANY MEETINGS

Blundell - Permoglaze, Connaught Rooms, Great Queen, Street, W, 12. Leys Foundries, Colombo Street, Derby, 12. *Marley, London Road, Riverhead,* Sevenoaks, Kent, 12.

COMPANY RESULTS

Final dividends: Family Investment Trust. Kode International. Phicom. Interim dividends: AAH. Matthew Clark Holdings. Consolidated Gold Fields. Crossfriars Trust.

Unilever disappoints as exchange rates bite

COMBINED attributable profits of Unilever rose from £63m to £85.9m in the fourth quarter of *1979 giving a total for the year* of £313.4m compared with £272.8m. The fourth quarter figure in 1979 is after deducting *£4.8m differences on recalculation* of results at 1979 closing exchange rates.

Profit for 1979 shows an increase *of 15 per cent on closing* rates or 21 per cent on comparable rates.

The year's result was split as *to increased contributions from* Ltd. of £176.5m (£151.9m) and £136.9m (£120.9m) from NV. In the fourth quarter, the two *sides turned in £59.6m (£42m)* and £26.3m (£21m) respectively.

However combined pre-tax profit at the year-end amounted *to £605.1m against £609.4m.*

The directors say the trends have been influenced by the changes in exchange rates during the year. Results and earnings per share for the 1979 year have been calculated at the closing rates for 1979 while the previous year's figures are based on the closing rates for 1978.

Unilever Ltd. stated earnings per share for the fourth quarter *are 23.12p (16.96p)* and *84.37p (73.44p)* for the year. The NV earnings are 6.51 guilders (4.51 guilders) and 23.74 (19.53) *guilders at the year end. Ltd. and NV are proposing final dividends of* 15.11p and Fl 6.32 respectively bringing the totals *up from 22.67p to 24.05p and* from Fl 8.8 to Fl 9.88.

In the fourth quarter, combined sales rose from £2.59bn to £2.92bn giving a year's *total* of £10.25bn against £9.84bn. Total sales value in the final quarter was 13 per cent higher than in the *same 1978* period of which 2.5 per cent came from higher volume.

In Europe total operating profit was lower than in 1978. Improvements in sundry foods and drinks, chemicals and transport were more than offset by lower results in other groups, notably edible fats.

For the year as a whole, total sales value rose by 12 per cent. At comparable rates of exchange, the volume rise was some 3½ per cent.

In Europe total operating profit remained at about last year's level as better results in some product groups, notably frozen products, sundry foods and drinks, detergents, chemicals and transport, were offset by *lower profits of the edible fats* business and by lower export earnings from the UK, the directors say.

Results from the U.S., in total, showed an improvement. UAC International's profits were still below those of 1978 but there *are signs of a slow recovery.*

Costs of reorganisations, mainly in the UK, are included in *non-recurring items.* Higher interest rates and a reduction in net liquid funds led to an increase in interest charges. Taxation was unusually low because of UK stock relief in respect of the whole year.

In the U.S., profits were much higher than in 1978, mainly because National Starch has now been included for the full year. Lipton had a good year but Lever Brothers is still operating at a loss.

The other overseas countries on the whole performed satisfactorily but results were affected by adverse exchange rate movements.

UAC International's depressed results are reflected in the lower figure for share of profits of associated companies which are a significant part of UAC results. The strengthening of sterling reduced results expressed in this currency calculated at closing rates.

Under the UK Finance (No. 2) Act 1979, stock relief obtained in respect of the year 1973 and 1974 (£38m) is no longer subject to clawback and the relief received in subsequent years (1975 to 1978—£77m) will also become permanent if it is still outstanding at the end of a rolling six-year period.

The Board believes that clawback of stock relief for 1975 to 1978 is unlikely and has therefore released the deferred tax previously provided for stock *relief in 1973 to 1978 (£115m) as* an extraordinary item.

Stock relief in respect of 1979, which is not expected to be sub*ject to clawback, reduces the* fourth quarter and year's tax charge by £20m.

See Lex

HIGHLIGHTS

The Lex column briefly discusses the continuing turmoil in world interest rates following yesterday's 17¾ per cent U.S. primes and the rise in London money rates to 19 per cent. The column also looks at four company stories. Unilever has disappointed with pre-tax profits down 1 per cent after a £35m currency adjustment. **Burmah Oil** has repaid $70m to the Bank *of England.* ***Trusthouse Forte** has published a strong balance* sheet and appears to be preparing for a major U.S. acquisition. Finally Grindlays is proposing to refinance some loan capital originally provided through Lloyds Bank which may mean that suggestions of a major restructuring are wide of the mark. *On* the inside pages the news from **Liden** is that the rescue attempt seems to have failed. **Thomas Tilling** is making another U.S. acquisition and there are comments on **Link House, Diploma, Provident, Rentokil and British Vita.**

Grindlays Bank down to £18.8m at net level

Following the downturn in net profits from £9.98m to £7.88m at midway and the expectation of a lower profit for the year, **Grindlays Bank**, 51 per cent owned by **Grindlays Holdings**, reports a net profit of £18.78m for 1979 compared with £22.64m in the previous year.

The holding company is recommending a final dividend of 2.6875p to lift the total from 3.071p to 3.75p. Grindlays Bank has declared dividends for the year of £2.5m (£2.1m) and dividends receivable by the holding company amount to £1.28m (£1.04m).

Currency fluctuation which *had an adverse effect on the* bank results of £1.1m in 1978 also affected 1979 results amounting to £2.1m.

Profits are after tax of £18.4m (£15.38m) and provisions for doubtful debts which amounted to £5.76m in 1978 and £1.64m in 1979. The directors say the net amount required last year benefited from a substantial recovery in respect of banking business undertaken with Argentinian customers about nine years ago.

Stated earnings per share for the holding company are 26.8p (33.1p) and 30p (37p adjusted) for the bank.

In December 1980, repayment is due of US$38m and £9m of *subordinated loans — a total* equal to some £26m. It is the intention of the Board to replace these loans later this year with *another issue of subordinated* loans.

In 1979 the valuation of group properties has shown a surplus in sterling terms of £13m which has been added direct to published capital resources. Capital resources at December 31 were £151m.

Grindlays Bank has revised its foreign exchange accounting policy. Translation gains/losses on overseas fixed assets which were formerly dealt with through profit and loss account are now dealt with direct through reserves.

This brings the group's policy into line with general UK accounting practice. Corresponding figures given for 1978 have been amended to recognise the revised policy. The effect of the change has been to charge to reserves translation losses on overseas fixed assets for 1979 to £1.8m and for 1978 of £0.8m respectively.

GRINDLAYS HOLDINGS—

	1979 £000	1978 £000
Profit before tax	37,146	38,120
Tax	18,396	15,378
Net profit	18,750	22,742
Minorities	9,644	11,502
Extraord. credit	—	483
Attributable	9,106	11,723
Dividends	1,275	1,044
Retained	7,831	10,679

GRINDLAYS BANK—

	1979 £000	1978 £000
Profit before tax	37,285	38,086
Tax	18,502	15,446
Net	18,783	22,640
Minorities	1,023	637
Extraord. credit	—	947
Attributable Bank	17,760	22,950
Dividends for the year	2,500	2,100
Retained	15,260	20,850

Michael Lafferty, banking correspondent writes: The discussions about the future ownership and management of Grindlays are still going on, and it is not yet clear when shareholders can expect to be informed of the outcome. The bank's announcement about re-financing the subordinated loans is intended to remove at least one element of uncertainty. The Grindlays management remains committed to the view that the bank's future would be best served by it remaining an independent British bank.

Courage steady at £31.9m

MARGINALLY HIGHER taxable profits of £31.88m for the year to October 27, 1979, against £31.17m previously, are reported by Courage, the brewing subsidiary of Imperial Group.

Turnover improved from £449.93m to £505.76m. The pre-tax surplus was struck after interest of £6.62m, compared with £6.23m.

The directors say the severe winter and poor summer depressed trade. Sales were also hit in areas affected by industrial disputes and the petrol shortage which inhibited travel into holiday areas.

Increased costs were not fully *offset by price increases during* the year, the two rises made by the company and the VAT increase also having an effect on demand, they add.

There was a tax credit of £10.84m (£8.3m). Extraordinary credits amounted to £0.89m, against £16.92m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aquis Securities	0.5	May 1	0.5	0.73	0.63
British Vita	2.6	May 6	1.83*	5	2.28*
Diploma ...int.	2.5	April 10	1.5	—	8
Grindlays Hldgs.	2.69	April 25	2.07	3.75	3.07
Helene of London int.	0.37	March 17	0.34	—	1.34
Internationl Inv. Tst.	2.33	May 5	1.63	3.08	2.94
Link House ...int.	2.8	April 17	—	‡	—
Provident Fin. 2nd int.	4.25	April 18	3.64	6.45	5.44
Rentokil Group	1.4	—	1.15	2.25	1.87
Unilever Ltd.	15.11	May 27	13.6	24.05	22.67
Unilever NV	Fl6.32	May 27	5.40	9.88	8.8

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of 7p forecast at time of going public.

Rentokil profits surge to £13m

AGAINST the directors' midway forecast of profits in excess of £12m, the pre-tax surplus of Rentokil Group went ahead from £10.56m to £13.02m in the year to December 31, 1979. At the interim stage, profits were £5.81m against £5.05m.

Of the total for the year, £9.24m (£7.16m) came from the group's UK companies, and £3.87m (£3.4m) from overseas companies.

The net dividend is lifted from *1.87p to 2.25p with a final of* 1.4p.

Turnover rose from £60.44m to *£73.21m, with the UK companies contributing £40.86m (£30.27m)* from home sales, and £1.24m (£1.08m) from overseas sales. Turnover of the overseas companies improved from £28.09m to £31.1m.

After tax of £6.1m (£4.38m), minorities profits of £2,000 (£9,000 losses) and an extraordinary debit of £1.19m (£223,000), the net surplus emerges slightly lower at £5.72m (£5.75m).

After dividends, £3.58m is retained against £3.98m. Before the extraordinary debits, earnings per 10p share are shown as 7.29p (6.31p).

The group, which is a subsidiary of Sophus Berendsen of Denmark, specialises in pest control, hygiene services, timber preservation, damp proofing and thermal insulation, and manufactures timber preservatives, insecticides and rodenticides.

Goode Durrant

The directors of Goode Durrant and Murray Group look for continued progress in the future, helped by the company's wide geographic spread and diverse range of activities.

Pre-tax profits advanced 69 per cent to £1.52m in the year to October 31, 1979, as reported on February 22. The net dividend is being stepped up to 0.75 (0.25p).

Meeting, Durrant House, EC on March 26 at 10 am.

Link House over £2m midterm

TAXABLE PROFITS of £2.14m, on turnover of £10.49m, are reported by Link House Publications for the half year to December 31, 1979—the company's first published results since it went public last October.

The directors did not consider it appropriate at the time of the listing to make a full-year profit forecast. However, management accounts for the first two months of the period showed an increase in turnover and profit.

As forecast, there is an interim dividend of 2.8p net. The directors expect to pay a total of not less than 7p.

Third-quarter trading is continuing satisfactorily despite adverse conditions in some areas and indications of a somewhat less buoyant advertising market, they say.

In the six months to December 31, 1978, pre-tax profits amounted to £1.51m, on turnover of £8.61m. The full-year surplus came to £3.03m.

The directors explain that these figures are the adjusted results as shown in the accountants' report in the offer for sale document.

The six-month figures are those for Link House Holdings, which the company acquired in December, 1978. The full-year figures are a combination of results of Link House Holdings and the company.

Tax for the first half of 1979-1980 took £1.11m (£0.82m). Earnings per 20p share are given as 8.6p (5.8p).

There were extraordinary debits of £302,000 (£30,000) which include £306,000 representing the cost of obtaining a listing.

The company's publications include Exchange and Mart.

● comment

Link House's reticence over prospects in its new issue prospectus last October certainly did not imply any dark secrets, for the company has begun its public reporting career with an encouraging set of figures. The advertising periodicals which provide the bulk of the group's profits have forged ahead in the first six months, with Industrial Exchange and Mart worthy of special mention, and these publications are still achieving advertising volume gains after two months of the second half. The position is less buoyant for the monthly magazines, however, where advertising is proving a little slower to attract than last year. Meanwhile the book side is sharing the troubles of the rest of the book publishing industry, but it only represents a small part of the group. Link House is heading for comfortably over £4m pre-tax for the full year, and although the prospective p/e is above average at maybe 10 or *so, the group's £3m cash cushion* is a valuable support.

EDINBURGH INV. TST, REBORROWS

The Edinburgh Investment Trust has repaid a loan of U.S.$2m and has reborrowed U.S.$1.5m, two-thirds in deutschemarks and one-third in Swiss francs.

Provident lower at year-end despite second half rally

IN SPITE of a strong second-half recovery, pre-tax profits of **Provident Financial Group** were down from £10.73m to £9.3m for the year to December 31, 1979.

Profitability in the early part of the year was adversely affected by several unusual factors, including an arbitration award on agents' commission, high interest cost, and bad weather which influenced collections. Pre-tax profits in the first six months dropped from £4.1m to £2.7m from turnover up from £95.73m to £112.23m.

In the second half pre-tax profits were marginally down from £6.62m to £6.59m.

Turnover for the year improved from £214.06m to £250.2m and tax absorbed £3.08m against £5.23m. Attributable profit was £6.15m against £4.7m last time, when there was an extraordinary debit of £810,000. The group's freehold properties were revalued at December 31, 1979, and a surplus of £2.62m arises.

A second interim of 4.25p is announced, making the total 6.45p (5.4419p). Stated earnings per 25p share are up from 13.85p to 15.5p.

● comment

The almost doubled interest charge at Provident largely explains the 14 per cent decline in pre-tax profits. The first half suffered from the effects of industrial action and a high arbitration award to staff but even the second six months showed a slight dip in profits. Personal loans account for around 55 per cent of Provident's credit business, and the proportion is growing. With an average maturity of 14-15 months on this book, the group has been unable to hold margins as tightly as on the shorter-dated cheque credit. Interest rates could decline in the current half year, which would help profits significantly, but the group is not optimistic. Even if they did fall, it is far from certain that consumer spending would pick up much among the lower income customers to which its services are aimed. Over the longer term, Provident is looking for more support from its ancillary activities—insurance, estate agents, credit cards, computers and retail banking. They did little better than break even on aggregate last year but their potential provides support for the stated p/e of 5.8 at 94p. The yield is 10.3 per cent, which represents a solid premium over the sector average.

Liden unlikely to emerge again as trading concern

BY ARNOLD KRANSDORFF

THE NEW backers of Liden (Holdings), the former whitewood furniture manufacturer whose shares have been suspended for more than a year, have virtually abandoned all *hope of revitalising the company* as a trading concern.

This was confirmed yesterday just 24 hours after the company *escaped being wound up* following the "last minute" payment of a £37,000 debt for Value Added Tax on behalf of Liden Ltd, a subsidiary now in the hands of the liquidator.

Mr. Ian Lock, who with Mr. Malcolm Anderson engineered a boardroom takeover last September, said yesterday: "There is no hope of Liden (Holdings) ever trading again. The best we can hope for is to end up with a shell company with a few thousand pounds in it, and reverse something else into it."

According to Mr. Lock, the late payment of the VAT bill arose out of some uncertainty whether the holding company was liable *in law under joint registration.*

On Monday, Customs and Excise petitioned in the company's court for the compulsory winding up of Liden (Holdings). The petition was struck out because it had not been advertised.

A spokesman for Customs and Excise explained that the petition was not advertised because the debt had been paid in full.

Mr. Lock said that the financial position of the group was far worse than had been originally thought. "We will be lucky to get out with anything," he added.

He disclosed that the company's auditors, Stone Payne Fraser and Co., were expected to complete the full accounts of the holding company within the next 10 days, at which time a clearer picture of the immediate future could be revealed.

Liden (Holdings) has about 2,000 shareholders, including ITC Pension Trust, which has a 5.8 per cent stake. The sus*pension price of the shares was* 8p.

When Mr. Lock and Mr. Anderson took over last year *they said it was their intention* to revitalise the group with a view to restoring the share quotation. The company was *formerly run by Mr. Norman* Clothier.

International Investment

Net revenue of International Investment Trust rose from £1.12m to £1.51m after tax in the year to January 31, 1980 and the dividend is stepped up by some 30 per cent to 3.08p with a final of 2.33p.

Earnings are shown as 4.32p per 25p share, compared with 3.2p last time.

The company is a member of the Touche, Remnant Management Group.

SPAIN

March 4	Price %	+ or −
Banco Bilbao	227	
Banco Central	258	+2
Banco Exterior	213	
Banco Hispano	226	
Banco Ind. Cat.	135	
Banco Madrid	166	−2
Banco Santander	273	+3
Banco Urquijo	175	
Banco Vizcaya	238	
Banco Zaragoza	209	+2
Dragados	100	−2
Espano Zinc	59	−1
Fecsa	57	
Gal. Preciados	35	+1
Hidrola	64.2	+0.7
Iberduero	60.2	−0.3
Petroleos	110.2	−1.0
Petroliber	63	−2
Sogefisa	115	
Telefonica	65.2	−0.3
Union Elect.	63	+0.3

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
AKZ C	F.22.50	—	—	5	3	35	3.20	F.24.40
AKZ C	F.25	30	0.90	15	1.40	10	1.90	"
AKZ C	F.27.50	42	0.30	—	—	—	—	"
AKZ C	F.30	—	—	55	0.30	—	—	"
AKZ P	F.25	20	1.20	—	—	—	—	"
AKZ P	F.27.50	10	3.20	—	—	1	4	"
HO C	F.20	—	—	—	—	11	3.50	F.20.80
HO C	F.22.50	—	—	5	1.40	—	—	"
HO C	F.25	—	—	—	—	52	1	"
IBM C	$65	—	—	—	—	10	6¼	$62¾
IBM C	$70	—	—	10	3⅛	—	—	"
KLM C	F.70	130	3.10	12	6.10	—	—	F.66.80
KLM C	F.80	38	0.60	—	—	—	—	"
KLM P	F.60	19	0.90	—	—	—	—	"
KLM P	F.70	11	4.70	7	6.30	—	—	"
KLM P	F.80	14	11.80	—	—	—	—	"
NN C	F.110	20	3	—	—	—	—	F.109
NN C	F.115	—	—	17	2	—	—	"
NN C	F.120	41	0.60	—	—	10	2	"
NN P	F.115	—	—	—	—	5	7	"
PET C	Fr.5000	—	—	5	830	—	—	Fr.5680
PET C	Fr.5500	3	370	—	—	—	—	"
PET C	Fr.6000	2	150	6	230	—	—	"
PET C	Fr.6500	19	30	2	140	1	200	"
PET P	Fr.5500	2	150	—	—	—	—	"
PHI C	F.17.50	—	—	40	2.20	—	—	F.18.70
PHI C	F.20	—	—	—	—	40	1.30	"
PHI C	F22.50	—	—	59	0.40	60	0.70	"
PHI C	F.25	—	—	5	0.10	—	—	"
PHI P	F.17.50	2	0.40	—	—	—	—	"
PHI P	F.20	—	—	—	—	3	1.80	"
PHI P	F.22.50	1	3.60	—	—	—	—	"
RD C	F.150	9	18.90	—	—	—	—	F167.70
RD C	F.160	84	11.90	48	12.50	—	—	"
RD C	F.170	87	5.40	27	7.20	5	9.50	"
RD P	F.140	4	0.20	—	—	—	—	"
RD P	F.160	97	3.60	—	—	—	—	"
UNI C	F.110	15	6.30	—	—	—	—	F112.80
UNI C	F.115	29	3.50	—	—	—	—	"
UNI C	F.120	11	1.70	—	—	10	4.50	"
UNI C	F.125	75	0.40	—	—	—	—	"
UNI C	F.130	1	0.20	—	—	—	—	"
UNI P	F.110	3	2	1	3.60	—	—	"
UNI P	F.115	10	4.50	—	—	—	—	"
XRX C	$60	20	2⅛	—	—	—	—	$59¼
		May		Aug.		Nov.		
BA C	$60	5	6⅛	—	—	—	—	$61⅛
BAS C	DM.150	—	—	5	3.50	—	—	DM148
MMW C	DM.130	5	6.60	5	8.30	—	—	DM126.60
MMW C	DM.140	—	—	—	—	5	6.50	"
OXY C	$30	10	3	—	—	—	—	$29⅞
SIE C	DM.270	4	5.30	—	—	—	—	DM267.70
SIE C	DM.280	—	—	6	12.60	—	—	"
SIE C	DM.290	—	—	5	6.90	—	—	"
VEB C	DM160	9	5.70	—	—	6	12.60	DM158.50
VEB C	DM.170	—	—	3	5.20	—	—	"

TOTAL VOLUME IN CONTRACTS 1479

C=Call P=Put

THF strongly placed to maintain profit growth

THE STRENGTH of its balance sheet and liquidity places Trusthouse Forte in a very strong position to ensure that the group's profit record is maintained, says Lord Thorneycroft, the chairman. The hotel, catering and leisure concern approaches the future with optimism, he tells members in his annual statement.

For the year ended October 31, 1979, turnover increased by 17 per cent to £107.2m while pre-tax profits were up 23 per cent to £68.2m. Earnings per 25p share rose from an adjusted 15.7p to 20p and the dividend is lifted 50 per cent to 8p net.

The negotiations in connection with the Criterion site at Piccadilly Circus have been protracted but the board anticipates that the commencement of the redevelopment is very close at hand.

The number of American tourists to Great Britain fell during the year but Lord Thorneycroft says the group was able to attract many more visitors from Europe and the Far East.

During the year, the group's cash resources increased from £56m to £59m, which the chairman says is a very healthy position at a time of economic stringency.

This improvement was after a heavy capital expenditure programme on upgrading hotel bed rooms; a number of hotel bedroom extensions; the work currently in hand for the building of the new Haydock Post House and the acquisition of property assets, notably the head lease of the Cumberland Hotel, London.

At October 31, 1979, capital expenditure amounted to £19.3m (£9.9m), of which £9m (£3.6m) had been approved by the board but not committed.

Fuller Smith plans to ease 'restrictions'

Financial advisers to Fuller, Smith and Turner, independent brewer, feel the present structure of security for the debentures issued under the trust deed dated July 18, 1962, is unnecessarily restrictive on the company and its future expansion.

The financial advisers, Fielding, Newson-Smith and Company, have been looking at Fuller's substantial growth in both net tangible assets and pre-tax profits since 1962 and more particularly since 1972, the date of the issue of the 10 and 1/5th debenture stock 1997.

They are recommending, therefore, three changes to the Board of Fuller and the changes are: to substitute for the 6½ per cent debenture stock 1983-88 a 7½ per cent first mortgage debenture stock 1983-88; to increase the rate of interest on the 10 1/5th per cent debenture stock 1997 to 11 per cent, and to substitute for the 13¼ per cent debenture stock 1998 a new 13¼ per cent first mortgage debenture stock 1998.

BTR lifts Australian profits

increased sales and profits are reported by the two subsidiaries of BTR Australia for 1979.

Hopkins Odlum, in which BTR Australia holds a 64 per cent interest, hoisted sales by 71 per cent from A$21.6m to A$37m and more than doubled after-tax profits from A$0.97m to A$2m. A final dividend of 9 per cent (7.5 per cent) lifts the total payout to 17 per cent (12.5 per cent).

Hopkins plans to increase sales and profits during 1980, to improve productivity and to gain further benefits from acquisitions and rationalisations made in recent years. Orders on hand are substantially higher than at the same time last year and, with current projects in mining and energy fields, the growth pattern is expected to continue.

Kencord Holdings, 52 per cent owned by BTR Australia, improved sales by 10.5 per cent from A$17.5m to A$19.4m, while after-tax profits advanced over 23 per cent from A$1.1m to A$1.35m. A final payment of 5 cents makes a total of 10 cents, maintaining the 20 per cent annual rate.

The continuing low demand for cars in Australia makes the company cautious at the commencement of 1980. However, this year's plans provide for more growth in domestic carpet sales and for continuing development of additional products to further reduce the group's dependence on the automotive sector.

Life chief hits out at abuse of tax relief

AN ATTACK on the "fringe operators" who abused the tax relief granted on life assurance premiums was made by Professor T. Wilson, chairman of the Scottish Mutual Assurance Society, in his review of 1979. These persons, he claimed, had no regard for the wellbeing of the life assurance industry or its policyholders.

He pointed out that none of the established members of the industry was prepared to indulge in this type of business. The Life Associations did their best to discourage the marketing of such policies.

He stated that the associations would co-operate fully with Government in any legislative action which seemed desirable, and he expressed his disturbance that legislative coercion should be the only way of suppressing irresponsible behaviour by a minority of companies.

The report and accounts of the company show that premium income advanced by one-third from £27m to £36.4m and investment income by over 30 per cent from £17.3m to £22.8m in 1979.

Claim payments were 10 per cent ahead at £13.8m, while commission payments and other expenses were 20 per cent higher at £7.25m. The long-term business fund at the year-end amounted to £225m, against £189m at the beginning.

The valuation of assets at end-1979 showed the holdings in property up by £10m to £56.4m and gilt holdings by £18m to £80.2m. But the company's equity holdings remained virtually unchanged in value at £92m.

Professor Wilson commented on the upsurge in new developments in the pensions market. The industry had had the refreshing experience of two years without the announcement of any new or projected Government pension plans.

The industry had advanced more in technical progress during those two years than in the previous decade of uncertainty, he said.

MINING NEWS

'Australia will be world's biggest exporter of coal'

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA will become the world's largest exporter of coal in the mid-1980s, overtaking the U.S., according to Sir Robert Cotton, the Australian Consul General in New York. However, he saw no need for a trade conflict between the two nations.

Sir Robert's comments followed a tour of coalfields in West Virginia, Kentucky and Tennessee. He said recent studies indicated that Australia's coal reserves are far greater than the 640bn tonnes that had been previously estimated: "We're finding new coal all the time," he said.

Australian mines, he added, expect to be able to export 100m tonnes of coal a year during the 1980s and to increase exports to 200m tonnes by the end of the century when annual production should be reaching 400m tonnes.

But he thought that Australia was unlikely to become a competitor of the American coal industry, "the world is deficient in a material which we both have in abundance. I see us as partners rather than competitors ... in this energy-poor world we won't be short of markets."

To this might be added the fact that other countries are also keen on coal export prospects and also have huge reserves of coal. China, for example, which in 1978 was the world's third largest producer after the Soviet Union and the U.S. has a massive export potential while South Africa is vigorously developing its coal industry.

It is also a thought that, until the day comes when nuclear energy takes over, coal bodes to become a major competitor with oil. Apart from coal's traditional energy applications, the costly oil-from-coal process in South Africa has now become a much more economic proposition and the new Sasol 2 plant there may well produce oil from coal more cheaply than the cost of the natural product when it reaches production in 1982.

Admittedly, the South Africans enjoy particularly favourable economic conditions in this respect, but technical progress in coal liquefaction plants elsewhere can be expected to continue.

While coal is unlikely to supplant oil, at least there is a good chance that it will check the rise in oil prices, especially with the assistance of other alternative oil sources such as the world reserves of oil shales which are now becoming economic to exploit.

GOLD EARNINGS AT DOME GROUP

Canada's gold-producing Campbell Red Lake Mines, 57 per cent-owned by Dome Mines, has lifted 1979 profits to a record C$27.3m (£10.7m), or C$1.71 per share, from C$17m in 1978. Gold revenue rose 66 per cent to C$70.1m, helped by a rise in production of 1,000 oz to 185,000 oz.

Sigma Mines (Quebec), 63 per cent-owned by Dome, also reports record earnings. They total C$7.4m compared with C$4.3m in 1978. In this case gold revenue rose 45 per cent to C$24.5m despite a decline in production to 68,000 oz from 73,000 oz.

Both companies have a stake in earnings of Dome Petroleum. Campbell Red Lake's share last year rose 40 per cent to C$1.2m while that of Sigma was similarly higher at C$600,000.

Comalco to spend A$28m on Bell Bay

AUSTRALIA'S Comalco, jointly controlled by Conzinc Riotinto of Australia and Kaiser Aluminum, is to spend A$28.8m (£14.1m) over the next 16 months on upgrading its Bell Bay aluminium smelter in Tasmania.

Mr. M. R. Rayner, Comalco's chief executive, said in Hobart, "The money we are spending is to upgrade and improve performance of the plant. The increase in production is marginal compared with the capital cost involved."

The outdated original potline No. 1 is to be shut down and the fourth potline, which was commissioned in 1977, is to be extended. A total of 108 new pots will be installed to give a net increase in smelter capacity to 117,000 tonnes a year from 112,000 tonnes. The work is expected to be completed in June, 1981.

As reported here last month Comalco enjoyed a buoyant demand for its aluminium in 1979 and had to purchase some in order to meet export contracts. After a A$10.2m profit on the sale of investments, the company lifted its earnings to A$58.1m against A$37.4m in 1978.

AYER HITAM'S LOWER PROFIT

Reflecting a fall in tin concentrate production, net profits of Ayer Hitam for the half year to December 31 have dropped to M$3.3m, or 54 sen per share, (£671,000) from M$5.6m in the same period of 1978. The total for the year to last June was M$10.7m.

The interim dividend for the current year to next June is reduced to 90 sen (18.2p) less tax at 40 per cent, compared with 150 sen a year ago. The 1978-79 final was 140 sen.

Provided that there is no further marked fall in production Ayer Hitam should do better in the current half year in view of the strength of tin prices.

Yesterday the Penang price was M$2,361 per picul compared with an average of M$1,971 in Ayer Hitam's past half-year. London prices strengthened on U.S. covering purchases following the news that the proposed releases of U.S. stockpile tin are to be put back until July.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½%
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd	18 %	P. S. Refson & Co.	17 %
Brit Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

UK COMPANY NEWS

Diploma ahead midway: interim lifted to 2.5p

FROM increased turnover of £24.02m against £18.15m, profits before tax of Diploma rose from £2.59m to £3.06m in the first half ended December 31, 1979.

Once again, the best performance came from Macro, the group's distributor of high technology electronic components which contributed half of the total profit and was itself 50 per cent up on the same period last year.

Stated earnings per share were 12.9p against 10.8p and the interim dividend is raised from 1.5p to 2.5p—last year's total was 8p from record pre-tax profits of £6.06m.

Despite many difficulties most of the group's manufacturing companies performed with credit notably Whithams and IG, whereas Sankey-Sheldon/Norwood suffered substantially from the engineers strike, says Mr. A. J. C. Thomas, chairman.

Whithams and IG have substantial steel stocks and apart from heavy picketing are not unduly affected. Sankey-Sheldon/Norwood has specific rather than volume shortages which is making production planning more difficult with resultant lower profitability.

The scaffolding division was good in parts with Eastern Counties going well ahead, and ISL disappointing and which is now the most affected of the group by the steel strike. Many men have been laid off from their BSC site contracts and the group is not able to recover substantial ongoing labour costs, hire charges and other overheads.

Robert Lee showed customary strength and had a very good first-half although there are now clear indications that the rate of growth of the home improvement market is on the decline.

	Six months 1979 £000	1978 £000
Turnover	24 016	18 147
Profit before tax	3.054	2.587
Estimated tax	1 603	1 360
Net profit	1 451	1 227
Minorities	108	102
Pref dividend	1	1
Attributable	1.342	1 124
Interim dividend	260	156

Growth at Macro was assisted by demand related to new applications within the technology pattern and by shortages which helped to keep prices firm. They entered the second half with substantially higher stock levels.

There is an indication that demand within the sector is a little less buoyant and supplies will probably become more easily available and the normal downward price movement will return, says Mr. Thomas.

● comment

A healthy 50 per cent rise on the electronic components distribution side of Diploma has provided the major impetus for the group's 18 per cent increase at the pre-tax level. But the share still fell 28p to 450p on pessimestic indications for the second half. The marketing of high technology semi-conductors is now 57 per cent of group profits, but the industrial scaffolding contribution fell dramatically as the business slipped into a small loss. Excessive labour costs and contract difficulties contributed to the decline. The group's stel furniture manufacturing operation also suffered, mainly from the engineering strike (which may have cost £100,000 to profits). The Robert Lee home improvement business managed reasonably well in the first half, but a general down turn in the DIY market may well be on the way. This could dampen second half prospects significantly. The effects of the steel strike are not yet discernible, but the scaffolding business is somewhat tied to BSC. The interim dividend is up by two-thirds, largely to reduce disaparity. A 25 per cent rise in the net total could yield a prospective 3.2 per cent and if the 10 per cent pre-tax rise to £6.6m, the fully taxed p/e is 15.8.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—A H Matthew Clark, Consolidated Gold Fields, Crossfriars Trust.

Finals—Family Investment Trust, Hallam Sleigh and Cheston, Kode International, Phicom, SKF (Aktiebolaget).

FUTURE DATES

Interim—	
Lake and Elliot	Mar 28
Finals—	
Collins (William)	Mar 24
Cornell Dresses	Mar 10
Danish Bacon	April 9
Fairclough Construction	Mar. 18
Harris and Sheldon	Mar 13
Home Counties Newspapers	Mar 28
Lunuva (Ceylon) Tea and Rubber Estates	Mar 6
Mackay (Hugh)	Mar 19
Neill and Spencer	Mar 10
Rolls-Royce Motors	Mar 10
Waverley Cameron	Mar. 7

Acquisition policy pays as British Vita nears £9m

PRE-TAX profits of British Vita Company, manufacturer of polymeric products, climbed steeply from £6.83m to £8.93m in the year to December 31, 1979, from greatly increased turnover of £73.3m against £49.9m. The dividend is more than doubled to 5p.

The major increase in earnings came from the UK and Europe where pre-tax profits were £4.6m, against £3.01m and this was due, in part, to the group's acquisition policy. International operations achieved a 13 per cent increase in profit from £3.82m to £4.34m.

In the first six months the company had pre-tax profits of £4.01m (£3.15m) from turnover of £31.7m (£24.13m).

As indicated in the interim statement, the board is implementing its intention to pay dividends more commensurate with performance and has therefore proposed a final dividend reflecting this policy. The final is 3.6p against an adjusted 1.33p, making a total of 5p (equal to 2.23p).

Tax absorbs £2.1m (£1.92m) for the year leaving £6.8m (£4.91m). Dividends account for £1.2m (£422,000) and profit retained is £5.74m (£4.42m). Stated earnings per 25p share are 34.1p (24.8p), basic, and 32.2p (23.4p) fully diluted.

The current year has commenced with a major strike in a basic industry, while other parts of British industry are suffering a downturn due to destocking taking place because of high interest rates and low consumer demand. Mr. F. A. Parker, the chairman, says that as a result of current conditions in the UK market, the group has had a difficult start to the year.

British Vita's offer for Vita-tax became unconditional early last month.

● comment

Good figures from British Vita show that the group has maintained its promising first-half form. Pre-tax profits are 30 per cent ahead despite a more than doubled interest charge, on turnover 47 per cent up. The Caligen and Libeltex acquisitions probably earned the group around £1.3m net of financing costs. Adding back interest, margins have been held within a point of last year, a creditable feat in view of rising oil-based raw material costs. But despite the good news on profits and more than doubled dividends, with the yield at a historic 4.5 per cent, the shares slipped 10p to 159p on the gloomy outlook for the current year. Customer demand seems generally slack, though there are no specific problems within the group. The main worry now is borrowings, now up around £10m. The historic p/e on stated earnings is a modest 4.9, while the Vita-tex acquisition will probably help this year's profits up to around £9.25m.

Optimism at Camford Engineering

ORDER BOOKS at Camford Engineering are higher than ever, and the group is looking for ways and means of increasing production to satisfy growing demand, say the directors in the annual statement.

It is impossible to predict how severe the effect of the steel strike will be, and forecasting is also made difficult by uncertainty over interest rates, they add.

However, they believe the group has never been in a stronger position and they remain optimistic that the group should enjoy another year of record trading.

Pre-tax profits rose from £2.25m to £2.54m in the year to September 30, 1979, as known.

Winding up for 61 companies

COMPULSORY winding up orders have been made against 61 companies by Mr. Justice Dillon in the High Court. They were:

Redman Mechanical Services, Rington Estates, Maurice Tool Company, Robin Hilton (International Properties), R. Palmer and Sons (Builders), Gasken Construction, Ventroflow, Bill Law Display.

Bullen and Thomas, Bradlaw Engineering (Welwyn), Danshourne, Eileen Barnett, FBK (Finance and Car Sales) Company, Fehlex, Plymchurch, N and H Contractors.

Mart (Management Consultants), Lincoln Camera Exchange, La Rochelle Antique Clothing, Leah Fashions, Levandrill, Hampshire Carpet Cleaners, J. R. Foster (Removals), Hudson Personnel International.

Simdeck, PK and Co. (Ceilings), Parsons Plumbing and Heating, Press Release and Distribution Services, R. Farrow and Co. (Hawton), Sellaway, Victoria Shopfitters (Northampton), Coolfarm.

Willanne Engineering Services, Continental Conferences and Exhibitions, Elegant Properties, Blacklayer, ADM Marking Machines, Chanroy Motor Rustproofing, Hartlemoore, International Entertainers Services.

Nova Spray Peterborough, Sudeley Garage, The Grefson Development Company, Tavishaul, Reflections (Display Products), Pretnar (Catering), Industrial Publicity Advisers, Craft Patterns.

A. Clare (Havant), Kepslow Publishing, Readymart, Softbrow, Northern Cable Construction Company, JBK (Electrical), Vyva Plastics, Pelthorn.

Reddlegrade, Fullercrete, Sparks Transport, E. L. Morley (Amusement), Flatvale.

Aquis down but holds dividend

After a permanent release of stock relief of £127,000, taxable profits of Aquis Securities are reduced from £519,758 to £394,008 for the year to December 31, 1979.

The purpose of the release, say directors, is to reduce the tax charge—down from £319,159 to £112,816—and so improve after-tax profits.

Gross revenue of the property investment company rose from £2.66m to £2.96m, and the dividend for the year is maintained at 0.725p with a final of 0.5p.

The board's valuation of a leasehold interest in Belgium at a nominal £1 has resulted in an extraordinary loss of £255,598 (£249,499) transferred from capital reserve. After minorities, the attributable surplus is £275,765 (£195,472). Earnings per 5p share are shown as 1.1p (0.78p).

A professional valuation of the short leasehold properties held for investment has reduced their overall value by £21,000 and this sum has been charged to capital reserve.

The value of the remaining properties held for investment has been considered and after attributing the nominal value of £1 to the property formerly owned by the Belgian subsidiary, the board, having taken advice, are of the opinion that the market value exceeds the remaining book value by approximately £6m.

Thomas Cook tops £10m

Pre-tax profits of Thomas Cook Group, a member of Midland Bank Group, advanced from £6.28m to £10.1m in 1979, on worldwide sales 27 per cent higher at £2.5bn.

Retails sales of the UK travel division increased by 17 per cent, while the worldwide banking pushed up turnover by 32 per cent.

The progress was achieved despite intensified competition within the travel trade and political and economic problems in various parts of the world, the directors say.

The company has paid its first dividend to Midland Bank.

Negit wind-up order approved

RESOLUTIONS FOR a voluntary winding-up of Negit, a Bermuda-based company, have been passed at a special general meeting and a distribution of the assets should be made within six weeks.

Negit was designed to act as a feeder fund for UK residents into Negit SA, a Luxembourg investment group, and the decision for winding up was taken following the abolition of exchange controls in Britain.

Negit said early last month that its shareholders would receive shares in Negit SA on a basis to be decided by the liquidator. On the basis of net asset value at February 1, the value of Negit was £554,250 or £3.57 a share.

BIDS AND DEALS

Tilling's £19m for Xynetics

AS PART of its expansion programme in the U.S., Thomas Tilling, one of Britain's largest industrial holding groups, is offering $42.5m (£18.97m) cash for the shares of Xynetics Inc., a California-based manufacturer of equipment for the semiconductor industry.

Tilling has managed to come in with a higher offer than General Signal Corporation of Stamford, Connecticut indicated in mid-January. General Signal planned to acquire Xynetics for about 1.2m of its common shares which at the time, it is understood, valued Xynetics at $40.5m.

Xynetics, an unquoted company, is closely held by 250 shareholders. In the first nine months of last year, ending September, it earned income after tax of $2.9m on sales of $29m. Tilling said yesterday that the group could make $7m to $8m pre-tax profits in 1980.

Tilling, which has been in talks with Xynetics for the last six months, made its last purchase in February when it announced the acquisition of Glasco Electric Company of St. Louis, Missouri, for $10.75m (£4.65m).

Its latest bid is described as another move to develop a sector where there is above average growth.

SIMON ENGRG. PURCHASES

Through its subsidiary Unichem International Inc., Simon Engineering has made two cash acquisitions in the United States.

It has acquired the drilling fluids assets and business of Key Mud Company of Oklahoma, the price being $2.38m plus an "earn out" arrangement related to profits over the next three years.

Unichem Drilling Fluids Inc. has been formed to combine the Key Mud business with the existing drilling fluids division.

Simon has also purchased the Capital of Gufco International Inc. of Nevada, for $300,000.

This will secure vital supplies of barite, a primary agent providing weight to drilling fluids used in deep drilling of oil and gas wells.

HOGG-CLARKSON TALKS END

Hogg Robinson Group, the insurance broker with large Lloyd's of London interests, said last night that it had been unable to determine a satisfactory basis for the merger of its insurance activities with those of H. Clarkson (Holdings).

Talks between the two groups, which had been announced at the beginning of the year, have now been terminated by mutual agreement.

ASSOCIATED DAIRIES

F. and A. E. Lodge and Associated Dairies Group have agreed terms for the acquisition by ASDA of Lodge's hypermarket at Birkby, Huddersfield.

The sale is to be completed on March 7 and Lodge will use the proceeds of the sale to improve and extend its traditional district shopping business.

Pilkington gets go-ahead for Flachglas purchase

Pilkington Brothers has received formal consent from the Cartel Office of the Federal Republic of Germany to buy a large part of the glass-making operations of BSN-Gervais Danone of France. The deal, to be paid for in Belgian francs, is worth about £113m in cash and shares.

Under the terms, Pilkington will acquire a 54.84 per cent stake in Flachglas, a German public listed company and leading glass manufacturer with 11 factories in Germany and Austria.

But the Pilkington deal is to be concluded without the earlier intended acquisition of Glaverbel, the Belgian flat glass maker, and Machinale Glasfabriek De Maas, the Dutch flat glass manufacturer.

These proposals have been withdrawn after objections raised by the German Cartel Office to the scheme as presented. The Belgian and Dutch companies will remain part of the BSN Group.

The Cartel Office's objections revolve around fears that, if the Belgian and Dutch companies were acquired, Pilkington would be in too dominant a market position in Germany. Flachglas currently has one-third of the German market, Glaverbel 10 per cent, and Pilkington 6 per cent.

The agreement remains conditional on the approval of the EEC Commission, the UK Office of Fair Trading and the French Treasury. It is also conditional on the approval of Pilkington shareholders, who would vote at a special meeting to be called after the governmental bodies approve.

Pilkington said yesterday that it was confident of approval by these bodies since they had not objected to the earlier proposals. It added that the deal called for a consideration of £86m in cash and the balance in Pilkington shares up to an amount of some 7 per cent of Pilkington's share capital.

"This acquisition should make us the largest flat glass manufacturer in the world and will give us a much bigger stake on the Continent," a spokesman said.

For 1978, the pre-tax profit for Flachglas corresponding to the 54.84 per cent stake to be acquired by Pilkington amounted to DM 32.8m (£8.2m). Pilkington said that Flachglas made increased profits for 1979.

WESTINGHOUSE TRANSFER AGREED

Agreement has been reached for the transfer by Westinghouse Brake and Signal Co, a wholly-owned subsidiary of Hawker Siddeley, of 50 per cent of the capital of Bendix Westinghouse to a subsidiary of the Bendix Corporation. The deal is worth £7.65m.

On completion of the deal, Bendix Westinghouse will become a wholly-owned subsidiary of Bendix.

The agreement is subject to contract and to the Secretary of State for Trade confirming to Bendix that it is not its intention to refer the proposed transaction to the Monopolies Commission.

This latest transaction will, if it becomes unconditional, replace the present obligation of Westinghouse to offer its interest in Bendix Westinghouse to Bendix later this year.

FURNESS WITHY

Mr. Keith Wickenden, chairman of European Ferries and Conservative MP for Dorking, said yesterday that he was no longer sure that his company's 4.99 per cent stake in Furness Withy, the British shipping group at the receiving end of a £96.5m bid from C. Y. Tung of Hong Kong, had gone to one significant buyer.

He said: "I rather think it went to five different nominee companies."

He was surprised the bid for Furness Withy had not yet received a recommendation that it should be referred to the Monopolies Commission. "One would have expected it to happen," he said.

There was speculation that Hanson Trust had purchased the Euroferries stake, but the group said yesterday: "We do not comment on market rumours."

J. E. Sanger in cash search

BY REG VAUGHAN

J. E. Sanger, the meat trading group which has been hit by the collapse of Gilmore and Partners, the Smithfield meat trading concern, is having talks which are expected to result in an injection of capital into the company.

Sanger, which yesterday requested a temporary suspension in its shares, announced that discussions were taking place with a third party and the group's bankers. The latest accounts for the year to June 30, 1979, showed net borrowings of £7.63m against shareholders funds of £1.97m.

Hambros Bank, the group's advisers and one of its principal bankers, said that Sanger was talking to one party about a cash injection and there "was no bid in the offing." The bank said that the Gilmore collapse was a "material factor." Gilmore ceased trading before Christmas with debts of some £1.5m and owing Sanger £400,000.

Apart from Gilmore, Sanger's resources have been depleted in recent years by its ventures into bulk retailing and in the U.S. meat trade (now disposed of), where losses totalled some £2m.

Mr. James Sanger, the executive chairman, said yesterday that the company had been involved in talks in the last few days and "everyone was working extremely hard to reach a conclusion by the end of this week." On Gilmore, Mr. Sanger said that this claim was being pressed in all directions to get back as much as possible.

According to stock market sources, the third party in the talks at Sanger is Gulf Shipping a Geneva based company which has a 15 per cent stake in the company. Gulf ships a lot of Sanger meat around the world and it would make a lot of sense for this company to come in to protect its investment.

This would see Sanger out of a difficult period after its abortive ventures in retailing and in the U.S. and permit the company to get on with its profitable business of meat trading.

Another problem for Sanger has been the difficulties of other meat traders recently. This has had an unsettling effect on creditors who have been demanding cash now rather than later.

Other large shareholders in the company are the Sanger family with 15 per cent and Mr. H. M. Newton-Clare, the executive chairman, with an 11 per cent stake. Mr. Clare was formerly chairman with Scott Bowyers, which was taken over by Unigate.

In the 15 months ended June 30 1979, the group showed a profit of £448,000 on its traditional meat trading business but this was wiped out by losses on its terminated activities of £1.3m.

Yearlings at record 16⅞%

The coupan rate on this week's batch of local authority yearling bonds jumped by ⅛ per cent to a record 16⅞ per cent. Issued at par, the stocks are due on March 11, 1981.

The issues are: Ogwr BC (£0.15m), Sedgefield DC (£0.5m), North Devon DC (£0.25m), Bolsover DC (£0.35m), Mansfield DC (£0.3m), Lichfield DC (£0.25m), North Wiltshire DC (£0.25m), Macclesfield BC (£0.4m), West Lancashire DC (£0.25m), London Borough of Harrow (£0.75m), Hambleton DC (£0.25m), Colwyn BC (£0.25m), Cleveland CC (£1m), City of Durham (£0.25m), Rochdale Metropolitan BC (£0.5m), Castle Morpeth DC (£0.5m), East Hampshire DC (£0.5m), St. Helens Metropolitan BC (£0.5m), Middlesbrough BC (£0.5m), Ettrick and Lauderdale DC (£0.25m), Cherwell DC (£0.5m) London Borough of Richmond (£0.5m), Metropolitan Borough of Rotherham (£0.5m), London Borough of Lambeth (£1m), Stirling DC (£0.5m), Strathclyde RC (£2m), Arun DC (£0.25m), Chester-le-Street DC (£0.25m), Lanark DC (£0.75m), City of Southampton (£1m), Test Valley BC (£0.5m), London Borough of Enfield (£1m), London Borough of Hackney (£1m), Tunbridge Wells BC (£0.25m) and Burnley BC (£0.5m).

Gulf and Western forecasts record

By David Lascelles in New York

GULF AND WESTERN, the large New York conglomerate, said yesterday that its second quarter earnings had increased, and predicted record results for 1980.

Net income for the period ended January 31 was $63.6m, or $1.37 per share, up 15 per cent from the $55.4m, or $1.10 earned in the same period last year. Revenue rose by 10 per cent to $1.43bn.

This brought G and W's six-month earnings to $131.7m, or $2.83 per share, compared with $115.8m, or $2.29. Revenue was $2.89bn, up from $2.51bn.

G and W said that all eight of its operating groups contributed to the company's income.

G and W said that its 6-month results encouraged it to expect record earnings for 1980. Among the major income contributors, it said, will be the film "Star Trek—The Motion Picture," which was released in December.

Zenith and RCA in video-disc link

By Ian Hargreaves in New York

ZENITH AND RCA, the two largest U.S. television manufacturers, are to co-operate in the manufacture and development of video-disc systems. The agreement sets into even sharper focus the impending struggle between rival video-disc players between RCA's stylus and groove technology, a variant of this technology being developed by Matsushita of Japan and a third type of laser-based technology from Philips of the Netherlands.

The Philips player has been on sale in the U.S. for around $775 per unit for over a year, but RCA and Zenith re-affirmed yesterday that their players will be priced at below $500 when they go on sale next year.

Japanese bankers reject Chrysler credit proposal

BY RICHARD C. HANSON IN TOKYO

JAPANESE BANKS have turned down a request from Chrysler Corporation to convert its short-term trade finance debts into a medium-term credit. The balance of such financing, used to pay for exports of Mitsubishi motor cars to the U.S. for sales by Chrysler, is about $160m.

The rejection marks another setback for the troubled U.S. motor company in its attempts to win concessions from Japanese bankers. The seven banks involved, however, appear willing to continue negotiations on the debt issue.

The Japanese banks are insisting that Chrysler meet the obligations it has already incurred, which have been falling due for the past couple of months. Twice, in October and again in February, the Japanese banks have stopped extending letters of credit for exports to Chrysler.

Chrysler has also asked the Japanese for continuous issuing of letters of credit to roll over the previous credits, an issue which is now at a delicate stage of discussion.

Mitsubishi Motor is continuing to ship cars to Chrysler using other forms of finance.

The Japanese banks involved are the Bank of Tokyo, Mitsubishi Bank, Mitsubishi Trust, the Industrial Bank of Japan, Dai-Ichi Kangyo Bank, Taiyo Kobe Bank and Tokai Bank.

Eaton plans to broaden trading

BY RICHARD LAMBERT

EATON CORPORATION plans to be in a position to finance an acquisition costing up to $1bn by the mid-1980s. Eaton, an international producer of capital goods and transport products, took a major position in electronic components through its $378m purchase of Cutler-Hammer in 1978, and plans further to expand the base of its trading activities.

Mr. Steve Hardis, chief financial officer, said in London yesterday that the group's truck components business was capable both of financing its own growth and of carrying Eaton's entire dividend obligation. Major steps had been taken to improve the profitability of some of the group's other activities.

These included a series of closures and disposals, the cost of which had reduced group earnings by $55m in the last two years.

Mr. Hardis said that activities which in 1979 had generated sales of nearly $600m and made little contribution to profit were expected by the mid-1980s to be achieving sales of around $1bn and showing a pre-tax return of almost 10 per cent.

Earlier, Mr. E. M. de Windt, chairman and chief executive officer, said that the group expected to decide within the next 60 days about whether to rebuild its transmission plant in Manchester, England. This facility was destroyed by fire last September, and negotiations on an insurance claim which could approach $80m are now in progress.

Although Eaton still thought well of the UK as an international manufacturing base, the decision on whether to rebuild would depend on the outcome of the insurance claim and other related discussions.

CanPac sells its Bloedel stake

BY ROBERT GIBBENS IN MONTREAL

CANADIAN PACIFIC Investments, the non-rail holding company which is 72 per cent-owned by Canadian Pacific, has sold its stake of 2.8m shares in MacMillan Bloedel, Canada's largest forest products company.

The buyer of the block, at 13.4 per cent, the largest single shareholding, is the British Columbia Resources Investment Corporation, an investment company set up a year ago by the Bennett Government. The shares were distributed later to about 2m residents of the state.

The price of the deal was not disclosed, but would have been around C$95m based on the market level of MacMillan shares on Monday. CPI carried the shares, which it acquired some 10 years ago, at cost of C$82.6m.

Our Financial Staff adds: in a separate development, British Columbia Resources yesterday acquired an option to buy a significant stake in Kaiser Resources. The latter raised its offer for up to 9m of its own shares from $43 to $44 per share. Kaiser Steel, which currently owns 32.5 per cent of Kaiser Resources, has said that it would tender all of its shares, and this is the stock on which British Columbia Resources has acquired an option.

Strong response to Hongkong bank offer

By Our New York Staff

HONG KONG and Shanghai Bank's tender offer for 3.12m shares of Marine Midland, the upstate New York bank, was over subscribed by almost 300 per cent, according to preliminary results released here yesterday.

Fidelity Union Trust, the depositary, said that about 8.9m shares had been tendered, which indicated a pro-rated acceptance of about 35 per cent for each shareholder.

Hong Kong and Shanghai had offered $25 per share for 25 per cent of Marine Midland's stock as part of its plan eventually to take the bank over. The next step will be to purchase for $118m a further 3.3m shares, to be followed by further purchases of new shares which will bring the Hongkong bank's stake in Marine Midland to 51 per cent.

The total value of the takeover is expected to be about $314m. The way was cleared for the deal at the end of January, when the Comptroller of the Currency, Mr. John Heimann, approved a national charter for Marine Midland, a step which removed the bank from the purview of the New York State banking authorities who had objected to the takeover.

World Bank issue slides

By Our Euromarkets Staff

THE LATEST World Bank 5¾ per cent SwFr 100m issue slumped to 92¼ per cent on its debut in the secondary market yesterday from its issue price of 99 per cent.

It now yields 6.81 per cent which is more in line with other World Bank issues, though the extent of the drop underlines the volatility of the market and the continuing upward pressure on yields.

Other Swiss franc issues had a mixed day with average overall losses of ¼ points.

The Deutschemark sector also continued weak with losses of ¾ points. This led DG Bank to postpone a DM 100m issue it planned to float with a 9 per cent coupon for a still unspecified borrower.

The marked weakness in gilts and the fall of sterling undermined Eurosterling bond prices which fell sharply in the morning but later recovered a little. According to European Banking Company, the EIB 9¾ per cent 1992 paper was notably weak, quoted at 72 compared with a mid-price of 74¼ the previous night.

Straight dollar bonds rose rapidly in the morning on dealer short-covering, but later fell back on a decline in the New York bond market. Final gains ranged to ⅜.

Euroyen bonds due for return to market

BY OUR TOKYO CORRESPONDENT

EUROYEN BONDS, absent from the international market since last August, are expected to return this month with a Y10bn, seven-year issue by Eurofim, the European railway finance body. The European Investment Bank (EIB) is also planning to issue yen bonds in Europe in April totalling about Y15bn ($60m).

According to securities industry officials, the Ministry of Finance is encouraging these issues (while limiting somewhat the Samurai market through which foreigners issue bonds in Japan) in part to help strengthen the yen.

A yen bond issued in Europe now would tend to increase demand for the currency on the foreign exchange markets from investors. The proceeds of the issue, managed (under MoF guidelines) by Japanese securities companies, would initially be paid into a Japanese bank in yen form. In contrast, proceeds from a yen bond issued by a foreign borrower in Japan are normally converted within a relatively short time into a foreign currency.

Over a longer period, say six months, the net effect of a Euroyen bond on the balance of payments would probably be neutral, but for the time being such an issue would fit in neatly with other measures announced earlier this week to support the yen.

There have been five Euroyen issues altogether since the idea was originated. While their revival might be good for the yen, there is some doubt as to how favourable the terms will be for the borrower. Negotiations on pricing are expected to be difficult, given the unstable state of the yen and rising interest rates around the world. In fact, Euroyen interest rates have surpassed those in the domestic Japanese market—the reverse situation from a year ago, when a borrower might have been more tempted to have floated Euroyen.

Borrowers who have regularly tapped the yen bond market, however, might be inclined to issue in Euroyen now, simply because of the problems of obtaining permission for domestic yen bond issues. The EIB, for example, which has issued two Euroyen bonds in the past, raised funds in Japan last October. Since that time, the authorities have become much tighter on the outflow of capital brought on by yen Samurai bonds.

The Eurofim issue is being lead managed by Nikko Securities, while Yamaichi is handling the EIB negotiations. It is believed that the World Bank and New Zealand are interested in tapping the Euroyen market later this year.

The Ministry of Finance is said to have decided that four or five issues a year would be an appropriate number. The authorities have also widened the range of borrowers who can tap the market to include governments. Previously, only international financial institutions qualified.

U.S. STOCK FUTURES

Hedging without gambling

BY DAVID LASCELLES IN NEW YORK

IT SOUNDS LIKE the investor's dream: a way to protect oneself against adverse movements in the stock market. But like so many novelties in Wall Street, it is being treated with some suspicion.

Three U.S. commodity exchanges have now proposed various versions of a so-called Stock Index Futures Contract which they hope the investing public will be able to start trading as a hedge against the ups and downs of the stock market. But they will first have to be approved by Washington, a process that could take years.

The broad idea is as follows: the dollar value of a futures contract will be based on the value of a given group of shares or a widely followed stock index, such as Standard and Poor's. The value of the contract will thus rise and fall with the underlying stock market.

Lower cost

But the contracts will be traded like commodities on a futures market, and investors will be able to buy or sell contracts for delivery several months ahead at a price in line with their expectations for the stock market itself. Thus if an investor holds a portfolio of stocks, but expects the market to weaken in the coming months, he can sell, or "short," the appropriate number of stock futures contracts. Assuming he is right and the market goes down, he can then buy the contracts back at a profit, which will offset the losses he has made on the stock market proper.

Similarly, if an investor is "short" of stocks and wants to protect himself against a rise in the market, he buys stock futures and sells them at a profit when the market goes up.

But why, one may ask, should an investor go through this rigmarole when he can satisfy his market expectations by simply buying or selling stocks?

The answer is that it will often cost less to trade futures contracts than to pay a stock broker to buy or sell shares, because one futures transaction will cover an enormous amount of shares, and no investor ever has to put up the full amount to buy a contract, only a fraction of it as a "performance bond."

Also, it may not be convenient for a host of reasons to sell one's shares at a given moment, whatever one's market expectations.

Sponsors of these contracts cite further examples where they would be useful. An investment firm underwriting a share issue could hedge itself against an adverse market movement while it is carrying the risk; portfolio managers who measure their performance against a market index could greatly improve their chances of matching it if they hedge; and so on.

The first exchange to come up with firm plans for stock index futures was the Kansas Board of Trade, a mid-West commodity exchange. Its proposal, first made in December 1977 but modified since then, is for a contract whose value would be 500 times the index put out by Value Line, a Wall Street investment research company. Thus if the value line index stands at 125, the contract would be worth $62,500.

The version put forward by the Chicago Mercantile Exchange is similar, except that it is based on the Standard and Poor's index of 500 companies.

The Chicago board of trade takes the view that few investors have portfolios that need to be matched against the broad market. So it is proposing instead to have 10 different contracts based on the shares of specific industrial sectors: air transport, motors, banking, chemicals, etc. An eleventh contract would be a combination of all 10 industry portfolios.

A problem confronting all three exchanges was how settlement should be made under the contracts. Although few futures contracts in any commodity are traded for delivery (most are cancelled by reverse trading among speculators), provision has to be made for delivery for two reasons: first, someone may actually want to take delivery of the commodity. But more important, the threat of delivery keeps futures prices in line with prices in the underlying cash market.

The exchanges thought of allowing physical delivery of the shares comprising the various indices they plan to use. But this proved impractical, partly because of its sheer complexity, partly because it would draw stock futures trading into the realm of securities regulation.

Cash settlement

So the exchanges opted for settlement in the form of cash, because it is convenient and has an undisputed value. The only problem with cash is that it brings stock futures trading close to the legal definition of gambling. This could prove a major stumbling block in the way of approval. However, the exchanges have consulted their lawyers and have marshalled a number of arguments as to why the gaming laws do not apply.

One is that the Federal Commodity Law specifically supercedes state gaming laws, so if the stock futures are deemed to be commodities, they should automatically be immune from those laws. Another is that the aim of stock futures trading is not described as gain but as price protection.

In deciding whether to approve stock price futures, Washington will have to examin a host of issues, whether there is an economic justification for them, whether they will unduly influence the stock markets, what the dangers are of manipulation, and how the investing public can be safeguarded.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 4

U.S DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	78¼	78⅞	+0⅛	+1¼	14.27
Alex Howden XW 9½ 91	30	†70	72	0	0	14.96
Australian Res. 9⅞ 84	30	84½	85⅛	+0⅛	+0⅜	14.45
Avco O S Cap 10⅛ 87	40	74¼	74¾	+0⅛	−0½	16.53
Beneficial Fin 9¾ 87	100	80	80½	+0⅜	+1⅞	14.21
[illegible] Rate 12 86	100	88⅞	89⅜	−0⅜	+1⅛	14.57
[illegible] 11½ 90	50	84	85	+0⅜	+2⅛	14.68
[illegible] 9½ 89	50	78	78½	+0⅛	+2	14.09
Carter Hawley 9¾ 86	50	81⅜	81⅞	+0⅜	+2½	14.39
Comalco Inv. E. 10½ 91	40	78⅞	79⅜	+1⅛	+1¾	13.99
Continental Grp 9½ 86	100	80¾	81¼	+0½	+2	14.36
Dome Petroleum 10 94	50	74⅞	75⅜	+2⅛	+6⅜	14.10
Dominion Bridge 10¼ 84	30	87¾	88¼	+0⅜	+1⅜	14.13
EIB 11¼ 92	80	82⅜	83⅜	+0½	+1⅞	14.86
[illegible] 87	100	†82½	82⅞	+0⅛	−1¼	14.58
EIB 10.15 99	100	†73½	75¼	+0¼	+0¼	14.56
Elsnorfin 11¼ 87	50	87¼	87¾	+0⅜	+2⅜	14.20
Export Dv. Cpn. 9¾ 84	100	84½	85⅛	+0¼	−0⅛	14.45
Export Dv. Cpn 9⅞ 84	150	85⅛	85⅝	+0⅛	+0⅛	14.34
Finland 9⅞ 89	100	†75½	77½	+1	0	14.76
GTE Finance 9¾ 89	55	77⅞	78⅛	+0¼	+2½	14.14
GMAC 9¼ 86	100	80¾	81¼	+0½	+2	13.96
GMAC O/S Fin. 11 84	100	90½	91	+0½	+1¾	13.73
Gould Int. Fin 9¾ 85	50	84½	85	+0¼	+0⅞	14.22
[illegible]ries 9½ 89	75	76¼	75¾	+0½	+1	14.48
Kennecott Int 9⅞ 86	100	78¼	78¾	+0⅛	+2⅛	15.08
[illegible] 9½ 89	75	77⅝	78⅛	+0⅛	+1⅜	13.95
Michelin 10 94	125	71⅞	72⅛	+0⅞	+0¾	14.73
Nat Des Telecm. 9½ 86	100	81	81½	+0¼	0	14.17
New Brunswick 9¾ 94	75	73	73½	0	+1¼	14.26
Newfoundland 10 94	50	73¼	73⅞	+1½	+3⅞	14.49
Norges Komm 9⅞ 99	100	†72	72½	−0⅜	+0¼	14.57
Norway 9½ 84	150	85¼	85¾	+0⅛	+0⅛	14.34
Nova Scotia Pwr. 9¾ 89	50	77⅞	78⅜	+1⅛	+2⅛	14.12
Occidental Fin 10¼ 84	50	†86¼	86¾	+0½	+2⅜	14.71
Orient Leasing 9½ 86	25	†78	78¾	−0⅜	−2⅜	14.99
Pennwalt O S F 9¾ 84	25	84½	84⅞	+0⅜	+1	14.85
Pepsico Cap 9¾ 84	100	86¼	86¾	+0⅞	+1⅞	13.88
Quebec Hydro 10 99	75	70	70½	+1⅜	+3⅜	14.69
Sears Roebuck 9 82	150	90¼	90¾	−0⅛	+0⅜	16.04
Statoil 9⅞ 89	100	77½	78	+0⅜	+1½	13.99
Sweden 9⅜ 89	100	77¾	78¼	+0⅛	+1⅛	14.17
Sweden 9½ 86	200	†81¾	82¼	+1	+1¼	14.38
Sweden 9¾ 84	100	85⅜	85⅞	+0⅛	0	14.28
Unilever NV 9¾ 87	100	73½	79	+0⅛	+1⅜	14.03
Warner-Lambert 9 84	100	84¼	84¾	+0⅛	0	14.02

Average price changes On day +0⅛ on week +1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 8 87	100	94½	95⅛	−0⅜	−1⅛	8.96
[illegible] 7¼ 89	100	85⅝	86½	−0⅛	−1⅛	9.56
Australia 8¼ 90	250	98	98½	−0⅛	−0⅛	8.37
Barclays O'seas 6¾ 89	100	83¼	84	0	−1⅜	9.50
BFCE 7⅜ 87	100	90⅞	91⅜	−1⅛	−3¼	9.56
BFCE 8¼ 95	100	89¾	90½	−0⅜	−1⅛	9.38
[illegible] 6 87	150	83⅜	84⅜	−3⅜	−6½	11.31
[illegible]	150	85¼	86¼	−0½	−1⅜	9.04
[illegible] 7½ 89	[illegible]	89	89½	−0⅜	+0⅜	8.99
Denmark 7½ 89	100	91¾	92¼	−0½	−1½	9.68
Denmark 7½ 92	100	91¾	91¾	−1⅛	−3⅞	9.47
[illegible] 93	225	89½	89⅞	−1½	−2⅜	9.20
EIB 7½ 89	200	88¾	89¼	−0⅛	−2	9.32
[illegible]	[illegible]	91½	92¼	−0⅛	−2½	9.68
[illegible] City of 7½ 89	150	85½	85⅞	−0⅛	+0⅞	9.48
[illegible] 8 86	100	92⅜	93⅜	−0¼	−4¾	9.44
[illegible] 7½ 87	200	88⅞	89½	−0⅞	−1½	9.30
[illegible] 91	150	88⅞	89⅞	−0¼	−1½	9.30
[illegible]	200	89½	90¼	−0⅞	−1	9.34
[illegible] 7½ 85	250	92½	93	−1⅜	−1⅜	9.42
[illegible] 7	40	86½	87½	0	0	8.57
[illegible] 89	100	86½	87¼	−0½	−3	9.51
World Bank 7½ 91	400	88½	89¼	−0½	−1⅛	9.39
World Bank 7½ 90	250	90½	90⅞	−1⅛	−1½	9.39

Average price changes On day −0⅜ on week −1⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	80	†83	84½	−1⅜	−5	7.84
[illegible]	60	†80½	81	−6¾	−8½	8.00
[illegible]	250	†82½	83	+1⅞	−4⅛	6.16
[illegible] 4¾ 91	40	†83	83½	−0⅜	−6	6.92
[illegible]	75	†79	79½	+2	−3⅜	8.25
[illegible] 4¾ 91	100	†84½	85	+1½	−3½	6.12
Canada Nat. Tele 4¾ 89	100	†86	86½	+1	−3¼	6.35
[illegible] 89	300	*80⅞	81⅜	−3⅛	−5⅜	6.46
[illegible] 4½ 91	60	*85	85½	+0⅞	−1⅜	6.33
Council of Eur 5 89	100	†85	85½	0	−6⅞	7.15
[illegible]	100	†85½	86	−0⅛	−4⅜	8.29
[illegible]	100	†78	78½	+0⅜	−4⅛	6.78
Gaz de France 4½ 89	100	*85½	86	−0½	−4½	6.44
[illegible] 4½ 89	100	†82	83	+1⅛	+1	6.78
[illegible] 91	35	*†88	89	0	−1⅛	5.82
Inter-Amer Dev 4½ 89	100	†79	79½	+0½	−8	7.66
Finland Tele 5½ 90	50	†92	93	−1	−5⅜	6.55
Malaysia 5 89	80	†86	86½	+0½	+0⅛	7.01
[illegible] Tel 5 4½ 89	100	†90	90½	+2	+1	5.59
Nordic Bank 6 89	45	†87	89	+1⅜	−6⅛	6.76
Norges Komm 4¾ 91	100	†82	82½	+0⅜	−3⅜	6.61
[illegible]B 3½ 91	100	†77	77½	0	−2⅞	6.73
[illegible]B 4½ 91	100	†81	81½	+1½	−4	6.75
Oslo City of 4½ 91	100	*79	79½	−1⅛	−4½	7.06
[illegible] Pwr 4¾ 89	100	†88	89	+1⅜	−2⅛	6.40
[illegible] 4 91	100	†80	81	+0⅜	−4⅛	6.54
[illegible] 4½ 91	60	†84½	85	+0½	−3⅜	6.71
[illegible] 4½ 89	90	*83½	83⅞	+0⅛	−6⅛	7.28
World Bank 4½ 89	100	†87	87½	−1⅛	−4⅜	6.47
World Bank 4½ 89	150	†82½	84	−0⅛	−4⅛	6.75
[illegible]B 4¾ 91	100	†83	83½	−0⅛	−5¼	6.74

Average price changes On day −0⅛ on week −4⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	83¾	84½	−0⅛	−2⅜	11.10
Australia 6½ 88	20	80⅞	81⅞	−0½	−1⅞	9.84
EIB 7⅜ 89	12	88	89	−0⅛	−0⅛	9.64
Finland 5.6 83	10	83¾	84½	−1½	−2⅜	11.04
Finland 5.6 83	10	80	81	−1	−1⅛	10.47

Average price changes On day [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¾ 85 C$	25	81½	82	0	+0⅜	14.94
Bell Canada 10⅜ 86 C$	60	85½	86	+0⅛	+0⅛	14.18
Cr. Foncier 10¾ 84 C$	30	85⅞	86⅜	0	−0⅞	14.86
Ex. Dev. Cpn. 10 84 C$	50	87¼	87¾	0	−0⅜	14.17
Fst. Can. Inv. 10 84 C$	50	87	87½	0	+0⅛	14.20
Hudson Bay 10½ 89 C$	60	80¼	80⅞	+0¼	−0⅜	14.44
Quebec 10¼ 86 C$	50	81⅜	82⅜	0	−0⅜	14.92
R. Bk. Canada 10 86 C$	40	83⅝	84⅛	+0⅛	+0⅛	14.04
R. Bk. Canada 10 94 C$	40	74⅜	74⅞	+0⅛	+1½	14.24
Copenhagen 8¾ 91 EUA	20	92	93	0	−3⅛	9.85
M. Bk. Dnmk. 9 91 EUA	25	93	94½	−0⅜	−1⅜	9.93
SOFTE 8¼ 89 EUA	40	84	85⅞	0	−2¼	11.00
Algemene Bk. 8¼ 84 Fl	75	92⅞	93¼	+0⅛	0	10.23
Ned. Gasunie 8¾ 84 Fl	50	91½	91⅝	+0⅛	−2⅛	11.35
Ned Middbk. 8⅞ 84 Fl	75	91⅜	91⅞	+0⅛	−2⅛	10.89
Norway 8¼ 84 Fl	100	92⅛	92⅝	+0⅞	−0⅛	10.67
Norway 8¼ 84 Fl	100	92¼	92¾	0	−0½	10.36
Philips Lamps 8¾ 84 Fl	75	92⅜	92¾	−0⅛	−0½	10.75
Air France 11 84 FFr	120	90	91	0	−0¾	13.91
Euratom 9¾ 87 FFr	150	78¾	80	+0½	−1⅜	14.51
Finland 11 84 FFr	80	87¾	88½	−1⅞	−1⅞	14.66
Finland 11½ 89 FFr	70	86	87	+0¼	−0⅜	14.12
Gaz de France 11 84 FFr	150	89¾	90⅛	0	0	13.94
IBM France 11⅞ 84 FFr	120	91¼	92¼	−0¼	−2½	14.33
Renault 9¾ 85 FFr	100	82¼	83	−0¼	−1⅜	14.62
Saint-Gobain 9¾ 86 FFr	130	80⅛	81⅝	−0¼	−2⅛	14.59
Solvay et Cie 9¾ 87 FFr	125	78⅜	79⅜	−0⅜	−1⅜	14.72
Total Oil 9⅜ 87 FFr	150	78½	79¼	+1¼	−0⅜	14.33
Citicorp O/S 13½ 90 £	50	89⅞	90⅛	−1½	−3⅛	15.58
EIB 11½ 91 £	25	77½	78⅜	−2⅜	−4⅛	15.79
Finance for Ind 13 91 £	15	87⅜	89⅛	−3½	−6⅞	15.37
Fin. for Ind. 12½ 89 £	30	84⅜	85¼	−1⅛	−2⅜	15.68
Gen. Elec. Co. 12⅜ 89 £	50	86⅜	86⅞	−2⅛	−3⅛	15.35
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.74
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0	0	8.72
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.52
Occidental 8¾ 91 KD	7	†90⅛	90⅜	0	0	9.87
Akzo 9⅞ 87 LuxFr	500	92¼	93¼	0	−0⅜	10.86
Euratom 8 87 LuxFr	500	86⅛	87⅛	−0⅛	−1	10.74
Euratom 9½ 88 LuxFr	500	96¼	97¼	0	−3	10.36
EIB 9¾ 88 LuxFr	600	97⅞	98⅝	0	−2⅛	10.10
Volvo 9⅞ 87 LuxFr	500	95⅞	96⅞	0	−2⅛	10.44

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅜	98⅛	2/7	16⅛	15.45
Banco di Roma Int 6 87	0¼	98⅞	99⅜	26/4	15¾	15.89
Bank of Ireland 5¼ 89	‡0¼	96⅞	97⅜	21/5	16⅛	16.60
Bank of Tokyo 5¼ 89	‡0¼	96¾	97¼	25/4	14.56	15.01
Barclays O/S Inv. 5 90	0¼	96⅞	96⅞	13/6	14¼	14.75
Bergen Bk. A/S 6 89	‡0¼	97¼	97¾	29/5	17¼	17.69
Bque. Indo Suez 5¼ 89	0¼	97½	98	11/7	14.69	15.03
Citicorp O/S F. 6 94	‡0¼	98¾	99¼	8/3	14.44	14.58
Citicorp O/S F. 83	§‡0	99¼	99⅞	23/5	16.06	16.12
Citicorp O/S F 94	‡0	99¼	99⅞	30/5	16.94	17.00
Co-operative Bk 6 88	0¼	97⅜	97⅞	15/5	15.06	15.43
Creditanstalt 5½ 91	§‡0¼	98¼	98¾	14/3	14⅞	15.10
CNT 5¼ 86	§0¼	99	99½	16/4	15.19	15.30
GZB 5½ 89	‡0¼	97½	98	1/5	14⅝	14.96
Jugobanka 8 89	0⅞	92½	93½	23/5	16	17.20
Ind. Bank Japan 5⅜ 87	0¼	97	97½	15/4	14¼	14.66
LTCB Japan 5¼ 86	0¼	96⅞	97⅜	13/6	14¼	14.71
LTCB Japan 5½ 89	0¼	95⅜	96⅞	7/6	14.19	14.68
Mfrs. Han. O/S 5¼ 94	‡0⅛	98½	99	30/5	17⅛	17.34
Midland Intl. Fin. 5 89	0¼	98⅛	98⅞	20/6	15	15.21
Nacional Fin. 5¼ 88	0⅞	96⅝	97⅛	25/7	14.69	15.16
Nat. West 5¼ 94	§0¼	97¼	97¾	11/4	14.94	15.32
Nippon Credit 6½ 86	0¼	96⅞	97⅛	12/7	14.44	14.90
Nippon Credit 5¼ 87	‡0¼	97⅛	97⅝	6/5	14.69	15.06
Royal Bk. Scot. 5¼ 94	§‡0¼	98	98½	11/4	14⅝	14.89
Soc. C. de Bque. 6½ 87	0¼	96¾	96⅞	3/4	13¼	13.71
Sogenal 5¼ 89	§0¼	96⅞	96⅞	13/7	14.44	14.94
Standard Chart. 5¼ 90	0¼	98⅞	99⅛	6/9	5¼	5.31
Sweden 8¼ 91	‡0¼	†96⅞	97⅜	18/4	14.44	14.87
TVD Pwr. 8 91 (D-lock)	0¼	96⅞	97⅜	24/5	15.31	15.81
Williams & Glyn 5¼ 91	0¼	97½	98	14/3	13	13.30
Bq. E. d'Alg. 4¾ 89 SF	0¼	†92	93	18/6	6.69	7.23

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7⅜ 89	10/79	145	116	116¾	−0⅛	−6.22
Ajinomoto 7⅜ 95	2/80	618	†90½	91⅜	+1⅜	4.21
Alco Int. Fin. 9½ 94	1/80	40	91½	92½	−0½	22.14
Asahi Optical 7 94	11/79	605	81⅜	82⅜	+3⅛	5.98
Canon 6¾ 94	8/79	570	98½	99½	+0⅛	5.14
Ciba-Geigy O/S F. 4 94	9/79	675	82¾	83⅜	−5½	5.45
Credit Suisse 4¾ 93	10/79	1326	98½	100½	+0½	−3.95
Daiei Inc. 6½ 94	11/79	1020	90½	91½	+0⅛	19.76
Enserch Fin. 9½ 94	7/80	30.25	107½	108½	−3½	2.92
LPC Internatnl. 8 89	9/79	23.33	116	117	−0⅞	0.66
Meidensha Elec. 7 94	12/79	210	†88½	89½	+2	16.72
Mitsubishi Cp. 6½ 94	10/79	604	115¼	116½	+0⅛	3.53
Nippon Seiko 7¼ 94	12/79	339	96⅜	97⅜	−2⅜	−3.12
Nitto Elec. Ind. 6 94	7/79	735	68	69½	+2½	3.85
Toshiba Cpn. 7¼ 94	10/79	198	89	90	+0⅛	−1.78
Union Bk. Switz. 5 89	2/80	125	95¾	97¼	−0⅛	−7.21
Fujitsu 5 84 DM	7/79	475	91⅝	92⅜	−1⅜	17.97
Kansai Elec 4 84 DM	4/79	1234	82	83	−0⅛	47.82
Tokyu Ld. Cp. 4 86 DM	4/79	493	72½	73½	+0⅛	33.82
Uny Co. 6½ 85 DM	11/79	1071	86⅞	87⅞	0	26.97

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

KWU edges out of the red despite sales fall

By Roger Boyes in Bonn

KRAFTWERK UNION (KWU), the West German power *engineering* concern, *has* jumped back into profit this year, despite a drop in sales and the continued difficulties of the German power station market.

Dr. Klaus Barthelt, chairman of KWU, a Siemens subsidiary, warned however that the company *faced a number of bleak* years before it could realise its true growth potential.

At first sight, KWU presents *a somewhat mixed picture.* Sales had dropped from DM 5.3bn in 1978 to DM 3.05bn in 1979, largely because of the loss of Iranian business. On the other hand, the concern has managed to push itself back into the black with a DM 19m net profit compared to losses *last year of DM 5m. Moreover,* Dr. Barthelt confidently expects that KWU will continue to stay in profit this year.

KWU executives explain the apparently contradictory trends in terms of the accounting principles for power station companies—orders do not show up in the sales figures until delivery has been completed, sometimes five years after the event. Sales last year—quite *apart from the Iranian shortfall* which resulted in a drop in orders in hand from DM 21.6bn to DM 15.7bn—reflected a disproportionately low level of orders placed in the mid-1970s.

This position is now changing and Dr. Barthelt reported that several new orders from home and abroad mirrored a general upswing in demand especially for conventional power stations. KWU executives say that its orders *include* a *desalination* plant and power station for Saudi Arabia, a turbine power plant in Thailand as well as projects in Australia and India. KWU also won a contract to build a nuclear power station for Argentina.

There are a number of risks in overseas business — for example exchange problems of a strong Deutsche mark and political factors such as those *which* led to the withdrawal from the reactor construction project in Bushir in Southern Iran. But as long as uncertainties surround nuclear power at home — several power plants have not come onstream because of legal problems—the overseas side "will continue to play a very *strong* role" in KWU's fortunes.

KWU has not considered any major diversification move which may however help it to react in a streamlined and efficient fashion when domestic demand revives for power stations. Meantime it will have *to sit out the crisis*—last year, its workforce was trimmed down from 15,900 to 14,900.

Daimler Benz output

STUTTGART — Daimler Benz will raise car production to more than 430,000 units this year, from the 422,160 made in 1979. The company is able to meet orders more promptly, because production capacity has expanded *and* the car market has "returned to normal." Reuter

Ogem passes dividend as losses outstrip forecast

BY CHARLES BATCHELOR IN AMSTERDAM

TROUBLED Dutch trading, in*dustrial and construction group* Ogem reports a 1979 loss larger than the provisional estimate made last month. The supervisory and managing Boards are to "investigate" the policies of the past few years.

Ogem last year lost Fl 24m ($12.2m) which compares with the loss of Fl 10-15m forecast on February 4. It proposes to pass its dividend—for the first time ever—but does expect to return to profit in the current year.

The heavier than expected loss is explained by the fact that *the February forecast was based* on the results of the first three quarters of 1979, the company said yesterday. The loss is made up of a Fl 16m profit on normal operations, less a Fl 40m provision against special risks. These are Fl 11m for Middle East contracts and Fl 14m for *property deals, mainly the sale* of an office in Antwerp, which fell through.

Ogem also set aside Fl 9m for losses by minority holdings, including a Fl 5m additional provision to cover a guarantee given to Deutsche Genossenschaftsbank in connection with a share-issue by the building group Beton und Monierbau. A further Fl 6m was reserved for a number of smaller risks.

The considerable revision of the 1979 loss was due to higher interest charges, to reorganisation costs, particularly in the trading sector, and to an increase in administration costs. In 1978 normal operations produced a profit of Fl 38m while *provisions for risks totalled* Fl 5m.

The 1979 losses were "mainly of a non-recurring nature." That applies particularly to the difficulties of the property sector. The nature and extent of its activities in the Middle East have been adapted to the *increased risk, while admini*stration costs will be gradually reduced.

With "some exceptions," Ogem group companies are healthy with satisfactory order books for its building and industrial operations. Turnover by the trading companies in the first two months of 1980 was also satisfactory.

Ogem expects to improve liquidity this year from the completion of property transactions and payments for projects in the Middle East. Interest charges should be cut sharply. The company still has difficulties to overcome this year, but, unforeseen circum*stances excepted, a positive* result is expected.

Ogem's difficulties led to the resignation last month of chairman, Mr. Berend Udink. Several members of the management resigned recently. The Honorary Consul for Kuwait in the *Netherlands, who had advised* Ogem on its Middle East business, quit in 1978.

Rights issue proposed by SBC

BY JOHN WICKS IN ZURICH

A TOTAL of up to SwFr 294m ($172m) is to be raised through a rights issue by Swiss Bank Corporation (SBC), which yesterday announced peak profits for 1979 of SwFr 258m, up almost 16 per cent.

The proposed rights offer will be on a one-for-ten basis at SwFr 160 a share. Proceeds will be used to cover equity ratio requirements resulting from the continued growth of the bank's balance sheet.

At the same time, shareholders will be called on to approve a further capital increase of SwFr 50m, to SwFr 68bn by the par issue of 250,000 registered shares and the *same number* of bearer shares without drawing rights of existing shareholders. These are intended to guarantee the conversion of convertible bonds, soon to be offered. They will involve issue sums of SwFr 75m and SwFr 100m, respectively, according to Dr. Franz Galliker, general manager.

All SBC operations improved their income levels last year except securities business, which *was down by almost half to* SwFr 64m. The surplus on interest went up sharply by SwFr 87m to SwFr 544.2m and net commission income by SwFr 29m to SwFr 403.5m. Earnings from foreign exchange and precious-metals trading improved by SwFr 39m to *SwFr 278.98m. (The bank is to* pay an unchanged dividend of 10 per cent.)

Balance sheet total expanded *by 9.4 per cent to SwFr 69.2bn* ($40.46bn) at the end of 1979. The increase was due partly to the takeover of the Handwerkerbank, of Basle, and the integration of the SBC subsidiary bank, Fuer Hypothekarkredite.

Total deposits were up by SwFr 4.53bn to SwFr 60.36bn, almost all of this increase arising from a jump of SwFr 4.33bn to SwFr 37.92bn in clients' money, the due-to-banks total *going up by less than 1 per cent.*

Loans to clients were up SwFr 9.04bn to SwFr 31.89bn. The due-from-banks sum dipped *by SwFr 3.57bn to SwFr 24.06bn.*

State share sales to continue

BY TERRY DODSWORTH IN PARIS

FRENCH Economics Minister, M. Rene Monory, has made it clear that he will not permit the current move to sell off parts of the French nationalised industries to go as far as full-scale denationalisation.

At the same time, however, M. Monory has stressed that he is fully behind the policy of opening up the substantial State sector in France to a wider investing public. He believes that this will make the nationalised companies more profit orientated and more responsive to the demands of the international market.

M. Monory's remarks, made in an interview in the Le Point magazine, are the first public comments he has made on the denationalisation issue since the Economics Ministry dropped this mini bombshell on the financial markets a few weeks ago.

The interview makes it plain that the two companies which have already announced public offers—Societe Generale, one of the three big State banks, and AGF, the second largest French insurance company—will be followed by more during the course of the year. "I cannot tell you who they will be," said M. Monory. "But a company which calls on the public must be healthy and profitable."

The limit on the size of the shareholdings which will be sold off will vary from company to company. But M. Monory said that he will apply the new policy within the framework of the present laws on the State sector, which requires the State to hold at least 50 per cent of the nationalised enterprises and, in some cases, such as the banks, 75 per cent.

Apart from the decentralisation of ownership, one of the main themes of M. Monory's reforming tenure of the Economics Ministry, the charge of policy is also designed to sharpen competition.

State companies which are in competitive sectors, like banks, ought to be operating on the same basis as private concerns, *he says.* When they only *have* one shareholder—the State—the "natural inclination is to neglect him," but this attitude will change when they are faced with the much more demanding shareholders who are investing their own money in the companies.

In addition, M. Monory argues that nationalised French groups wanting to expand overseas, particularly in the U.S. and West Germany, will be better accepted if part of their shares are held by the public. They will also have more flexibility to take over other groups and manipulate their financial structure if they are not hamstrung by the constraints of State ownership.

A third, though by no means "the essential" reason for the change of policy, says M. Monory, is to lighten the burden on the state finances caused by the frequent equity injection into nationalised organisations.

He goes on to stress that this new initiative falls within his general philosophy of bringing the management of state enterprises into line with practices in the private sector. This does not mean, *he adds, that those* organisations which are giving a public service should not continue to do so, but "this service must be measured."

Monti group to lose oil-refining licence

By Rupert Cornwell in Rome

THE ITALIAN Government plans to withdraw the oil-refining licence held by Sig. Attilio Monti, the troubled financier, in a move to hasten the takeover of the bulk of his refinery and petrol distribution interests by the State-owned energy group, ENI.

The decision was announced in *Parliament* by Sig. Franco Rebecchini, Under-Secretary at the Industry Ministry. He declared that the licence might be restored shortly "to a new management," but also suggested that a Government commissioner might have to be sent in to wind up parts *of the Monti group that could* not be salvaged.

It appears that ENI is prepared to take over two of the four *refineries* owned by Sig. Monti—those at Gaeta, on the coast between Rome and Naples, and at Milazzo in Northern Sicily. But Sig. Rebecchini said that the other refineries, at Ravenna and near Turin, were surplus to ENI's needs.

Parallel negotiations are also taking place for the handover of Monti's 1,800 filling stations throughout Italy, which operate under the Mach brand label, to AGIP, the main oil subsidiary of ENI.

The latest moves suggest that the conclusion of the long, drawn-out Monti affair may be drawing close. The financial difficulties of Sig. *Monti began almost im*mediately after he acquired BP's Italian operations in 1973, on the eve of the first energy crisis. Since then, life has become steadily harder for him and other independent refineries, as oil became scarcer and more costly.

By last autumn, the total indebtedness of the Monti group had reached an estimated L600bn ($730m), and the lack of crude oil supplies forced the government last October to ask ENI to make an emergency supply of 10,000 tonnes of petrol to keep his pumps open.

ENI, itself, however has been *very cautious in negotia*tions largely thrust upon it by the Government, for fear that it might be involving itself in a very costly salvage operation, with scant industrial advantage to itself.

● State-controlled steel group *Finsider* has acquired a 7.5 per cent stake in a coal-mining project in Queensland, Australia. The deal provides for the supply of 700,000 tonnes of coking coal annually for at least eight years to Italsider.

Reduced loss for German steelmaker

By Our Financial Staff

WEST GERMANY'S third largest steelmaker, Kloeckner-Werke, plans a big re-organisation of capital after continued losses for the year ended September, 1979.

Group net losses last year narrowed to DM 25.6m from DM 74.9m and again share*holders—which comprise* International Industriele Belegging Maatschappij, Kloeckner und Co. and a number of banks—will not receive a dividend.

As a result of the 1978-79 deficit, the year-end balance sheet accumulated losses total DM 210m. That has prompted *the main shareholders to halve* existing capital to DM 235m and inject new capital in order to restore equity to DM 470m.

The nominal value of the company's shares will be cut to DM 50 from DM 100 releasing DM 235m to offset Kloeckner's accumulated balance sheet loss and enable DM 25m to be paid into reserves. The new shares, issued at 110 per cent of par, will be taken up initially by Kloeckner's main shareholders.

Group turnover was DM 4.80bn compared to DM 3.93bn, including turnover of companies *in which Kloeckner Werke has* a stake of more than 50 per cent. Parent company net loss was DM 29.7m (loss DM 85.1m) *on turnover DM 3.03bn (DM* 2.64bn).

Lloyds fund to cut payment

By Our Zurich Correspondent

SWISS-BASED Lloyds International growth fund is to pay a reduced dividend per unit of SwFr 3.40 for the past year compared with distribution of SwFr 4.40 a unit for 1978. Net revenue dipped to SwFr 197,290 from SwFr 210,791.

Total assets of the fund, part of the Lloyds Bank group, rose by 30.8 per cent last year to SwFr 19.3m.

OFFSHORE BANKING

Tax free on Guam

BY PHILIP BOWRING RECENTLY IN GUAM

INVISIBLE EARNINGS from the Eurocurrency market tend *to play a major role in the* budgets of the smaller states of the world. So it was not surprising that when the U.S. territory of Guam, in the western Pacific, set about diversifying its economy away from dependence on the U.S. military and Japanese honeymooners it should turn to *servicing the dollar.*

Guam is about the size of Singapore, but has a population of only 100,000. Last year, it introduced legislation to allow the setting up of offshore bank*ing units for the tax-free book*ing of Eurocurrency loans. So far, five banks have been granted OBU licences—Chase Manhattan, Bank of America, Citibank, First Hawaiian Bank and Bank of Guam. Though no *figures are published, it is* believed that total bookings so far amount only to about U.S.$ 150m, almost entirely accounted for by Chase (about $100m) and Bank of America. Clearly, the Guam OBU has not *got off to a flying start. Nor has* it managed thus far to attract any foreign banks. Though the Hongkong and Shanghai Banking Corporation has an agency operation in Guam, it has not so far applied for an OBU licence. Nor has the Bank of Tokyo's subsidiary, First California Bank, which has a Guam branch.

Indeed, the only participants so far are banks which already had Guam branches. Others are known to have looked, including Chemical Bank and Irving Trust Company, but none has yet taken the plunge of incurring establishment costs in a new location.

For Guam, the result has been disappointing so far, especially as the introduction of the OBU and tax incentive coincided with some expressions of dissatisfaction in the banking community about Hong Kong—on the questions of uncertainty over the application of new rules on taxation of banking *profits from offshore lending,* and the high rent and overhead costs, in the British run territory.

But it would be premature to write off the Guam Obu as a failure. Its current weakness lies in what should be its long term strength. That is, the U.S. connection. Guam is a *territory of the U.S., but* enjoys a greater degree of autonomy than states of the union. It has been able to offer complete relief from Federal as well as local taxes while retaining the advantages of the *U.S. system. The language is* English, the currency is the U.S. dollar, the legal system and courts are American. Above all, the political risk is—in theory—the same as the U.S. political risk. And for U.S. banks, the question of foreign risk does not arise—a significant factor when banks are *looking at country risk limits* for funding as well as lending.

And Guam itself seems un*able to decide whether or not* it wants more independence from the U.S., which would assure its ability to offer bankers a tax haven and a modicum of secrecy, but would risk the loss of Washington's paternalistic hand, as shown in the distribution of food stamps and federal subsidies. As a result *there are some doubts about the* extent and durability of the tax *free status for OBUS.* The main reason why Guam has attracted more interest than action on the part of U.S. bankers is that there is a Bill before Congress which would put the administration of the territory's tax affairs *in the hands of the Internal* Revenue Service. At present, Guam follows the Federal tax code, but collects and keeps its own taxes. Maladministration and corruption in the past, however, have led to a move in *Washington* to reduce local autonomy. Though IRS administration would not override the territory's ability to offer exemptions, bankers are concerned about the uncertainty of the situation and the possibility that the IRS would be less accommodating in interpreting tax law than local revenue officers.

The current weakness of Guam as an offshore banking centre should be its long-term strength. Guam is a territory of the U.S., but enjoys a greater degree of autonomy than states of the Union.

As for the tax advantage to the banks of locating themselves in Guam, there seems to be a division of opinion Tax havens are thick on the ground. It may be a matter of indivi*dual decision whether, in the* context of the U.S. global tax assessments that American banks face, it is worth supporting one based on U.S. soil.

Foreign banks, too, have a wide range of alternative book*ing centres.*

Even the supporters of Guam as an international banking centre, say that the law governing the OBUs would benefit from tidying up and the scope of the tax freedom extended. At present, Guam sees itself merely as a booking centre for the convenience of parent banks. The *OBUs can fund themselves only* from their parents, and make only loans negotiated by parents, or associated companies or correspondent banks.

Though it is unlikely that Guam will emerge as a loan negotiating centre in the foreseeable future, some bankers say they would like to be able to do more on an OBU basis than is currently permissible in Guam. They also say that with *tax authorities world wide* increasingly looking at the extent to which tax havens are actual business centres rather than post boxes, an ability to negotiate loans from Guam would help credibility. However, *Guam banks do at least keep* books and administration on Guam.

At present, Bank of America sees Guam as a passive booking centre, servicing loans directed to it by the group loan administrator. Chase, however, is rather more ambitious for the territory. It is selling its Guam domestic banking business to concentrate entirely on offshore business.

But others believe that Guam's particular advantage—the U.S. connection—will only create a financial centre if tax freedom is extended to a broad range of banking, trust and portfolio management services.

Guam has some strong points, in terms of communications. Air links are restricted by the *limited access given to non* American carriers, but telecommunications are excellent and Guam has a central, if remote, position in the Pacific. It is 1,500 miles due south of Tokyo and a similar distance due east of Manila. It is on the direct route between the U.S. west coast and South East Asia. And it could—should any airline exploit the fact—be a direct stepping stone between Tokyo and Sydney.

But whether or not this Pacific island gateway to Asia, the U.S. and Oceania will ever *develop as a financial centre* remains uncertain. In the end, the question is: does the U.S. want a tax haven on its own soil?

Squeeze on food margins hits G. J. Coles

By Our Sydney Correspondent

G. J. COLES, the major retail *group, suffered a 4.4 per cent* decline in earnings, from A$31.17m to A$29.8m (U.S.$32.7m) in the half-year ended January 27. However, the directors have raised the interim dividend from 5 cents to 5.5 cents a share.

Group sales rose 21.5 per cent, from A$1.08bn to *A$1.32bn (U.S.$1.45bn).*

The directors said the lower profit was attributable to a num*ber of factors, particularly* strong competition in the retail industry. Competition over the period was severe, notably in the food sector, and it was necessary to reduce gross profit margins considerably. The abolition of *the trading stock* valuation adjustment and the reduction in the rate of investment allowance also affected the profit.

The directors said the recent increase in the rate of inflation and the resultant necessity for businesses to fund the increased value of stock added emphasis *to the need for the Government* to review its decision on this matter.

The board added that it was satisfied that profit estimates *for the period were achieved* despite an extensive store open*ing programme, but it also* pointed out that profit for every dollar of sales had fallen from 2.45 cents to 2.17 cents for the six months.

Strong advance at Altech

By Bernard Simon in Johannesburg

ALLIED TECHNOLOGIES, the South African electronics manufacturer which took over the local subsidiary of STC three years ago, reports a 41 per cent increase in after-tax profit, to R9.4m ($11.6m) for the year to February 1980.

Dividend for the year has been raised to 40 cents a share *from 28 cents. This is in keeping* with the group's policy of distributing 40 per cent of attributable profits each year.

Like many other South African companies, Altech's liquidity is high, with cash *balances currently totalling over* R11m and no significant borrowings. The company's order book stands at a record level of more than R88m.

Faber Merlin buys hotel complex

BY WONG SULONG IN KUALA LUMPUR

FABER MERLIN, the Malaysian hotel and property group, has announced the purchase of a 22-storey hotel and shopping complex in Johore Baru, capital of Johore state, for 27.25m ringgit ($12.4m).

The property, known as Tan King Chua Building, was bought from Tam Kim Chua Realty, and the price will be satisfied by an issue of 15m Faber Merlin shares of 1 ringgit each, at 1.25 ringgit per share, *and cash payment of 8.5m* ringgit.

The new shares will rank pari *passu in all respects with exist*ing stock, but will not be entitled to the 2.5 per cent dividend just declared.

Faber Merlin said that the property, which was valued by the leading Malaysian valuer, Williams, Talhar and Wong, at 28.1m ringgit, has a rentable space of 120,000 sq ft, with a *104-room hotel in the upper* floors, and offices and a cinema below. When fully let, it will generate an annual gross rental of 2.3m ringgit.

Faber Merlin said that the purchase was in line with its policy to expand its hotel chains. Two months ago, it took over the 34-room SRI Mersing Hotel in Mersing, East Johore, for 900,000 ringgit.

The company's interim results, to December, showed a 12 per cent fall in operating profit *to 2.2m ringgit. The setback is* believed to have resulted from slower turnover from its hous*ing division.*

* * *

THE EAST Asiatic Company Malaysia, whose interests span plantations, manufacturing and *trading, has reported a good* year, with pre-tax profits rising by 35 per cent to 33m ringgit ($15.1m) for the year ended December.

Earnings after tax were even better, rising by 54 per cent to 20.9m ringgit, with turnover 28 per cent up at 240m ringgit.

The group results include *those of its subsidiary, the River* Estates in Sabah state, acquired 18 months ago, and its associated companies, Carlsberg Brewery Malaysia and Viking-Askim, the shoe manufacturer. EAC Malaysia holds 25 per cent in Carlsberg Malaysia and 35 per cent in Viking-Askim.

The group's healthy earnings could be attributed to higher returns from its plantation operations, while income-tax was lower than normal as a result of claims for accelerated *depreciation and reinvestment* allowance.

EAC Malaysia is giving a final *dividend of 12.5 per cent,* bringing total dividend for the year to 20 per cent. The final dividend is an enlarged capital of 75m ringgit, and works out to be 3 per cent higher than on the old capital of 60m ringgit.

* * *

GOVERNMENT approval for a 33 per cent price increase for cement last August has substantially boosted earnings of Tasek Cement BHD, one of the leading cement manufacturers in Malaysia. The company reported pre-tax profit for the *half year to December 1979, up* by 43 per cent to 17.7m ringgit ($8.1m).

Sales rose from 58m ringgit to 75m ringgit, reflecting higher prices rather than higher output.

With better earnings, Tasek is giving an interim dividend of *10 per cent compared with 7.5* per cent previously.

* * *

HUME INDUSTRIES Malaysia (an associate company of Hume Australia) and Alcom Malaysia (an associate of the Canadian Alcan group) have reported solid growth in earnings, due to the continued boom in the Malaysian building and construction sector.

Hume's interim results for the half-year ended December, showed a 28 per cent rise to *3.8m ringgit ($1.74m),* Sales increased by 20 per cent to just over 50m ringgit ($22.8m).

Alcom's pre-tax profit for the year ended December was 3.5m ringgit, compared with 1.1m ringgit previously, and after deducting provision *for deferred* taxation, net profit was 1.9m ringgit or more than double *previous earnings.*

Alcan is paying a final dividend of 7 per cent to bring the total to 12 per cent (against 10 per cent in 1978), while Hume is maintaining its interim dividend at 6 per cent.

Steady results from Wormald

BY JAMES FORTH IN SYDNEY

THE national engineering union stoppage in the UK last year and the recent sharp rise in U.S. and UK interest rates held the international fire fighting security group, Wormald International, to an almost static profit of A$8.6m (US$ 9.5m) in the December half-year.

The directors expect an improved second half, however, to produce a *higher overall* result for the full year, and have raised the interim dividend from 7.5 cents a share to 9 cents. Last year, a final of *10 cents was paid,* lifting the annual rate from 15 cents a share to 17.5 cents.

Group sales rose 31 per cent from A$242m to A$316m ($US 347m), but the profit edged up only from A$8.52m to A$8.64m. The latest result was after a jump in the interest bill from A$6.4m to A$11.9m. The directors said that an increase had been expected following the *A$50m acquisition of the U.S.* group, Ansul Company. But the overall total was greater than looked for, because of the increase in interest rates in the UK and U.S. from about October last year.

* * *

THE BANK OF ADELAIDE incurred a loss of A$40.6m (US$44.5m) in the year to September 30. The bank is now a subsidiary of the much larger ANZ banking group and the *main cause of the loss was its* finance company offshoot, Finance Corporation of Australia, which incurred a deficit of A$43.4m for the year.

The Adelaide's loss compared with an overall profit of A$6.9m in the previous year

Scrip and rights issues from DBS

By Our Singapore Correspondent

THE DEVELOPMENT BANK of Singapore (DBS)—one of the big four Singapore banks—has announced a *one-for-five scrip* issue and a *one-for-four rights* issue at a price of S$4 to raise S$125.6m.

The bonus and rights issue announcement was made in the wake of the bank's disclosure of a 31 per cent rise in group post-tax profit to S$48.46m (US$22.3m) for the year ended December.

The 31 per cent growth, although a far cry from the 80.2 per cent chalked up in 1978, came as a surprise to observers as DBS registered a growth rate of only 5.7 per cent at the interim stage.

The group suffered a sharp increase in the tax charge, which rose by 88 per cent, to S$33.46m. Group pre-tax profit was 49 per cent higher, at S$81.9m.

At the parent bank, post-tax profit rose at a slower pace, of 21.1 per cent, to S$39.6m.

DBS has declared an un*changed first and final gross* dividend of 12.5 per cent.

The bonus-cum-rights issue will bring DBS's present issued capital of S$125.6m to S$182.1m.

Jack Chia-MPH sells property stake

BY GEORGIE LEE IN SINGAPORE

JACK CHIA-MPH (JC-MPH) has sold its 12.2 per cent stake in Malayan Credit, the property company, to See Hoy Chan (Singapore) Pte. The price paid for the 7.73m Malayan Credit shares was S$2.60 per share. The sale proceeds of S$20.01m (U.S.$9.2m) will produce a *surplus of S$7.95m for JC-MPH.*

JC-MPH said that together with the profit of S$624,000 realised on the recent sales to the market of 1.5m Malayan Credit shares announced on February 1, the total profit *accruing to the group was about* S$8.57m, or 22 cents per JC-MPH share.

A JC-MPH associate, Jack Chia Enterprises (Singapore), which is a subsidiary of Jack Chia International of Hong *Kong, has also given an option* to See Hoy Chan (Singapore) to purchase its 5.13 per cent stake in Malayan Credit, amounting to 3.25m shares, at a price of S$2.60 per share. The option is exercisable from April 1 to April 10.

In its announcement, JC-MPH, which acquired the Malayan Credit shares only last year, said that the shares were originally purchased as an investment, but in view of the attractive price *offered, the directors had* deemed it prudent to liquidate the investment, so realising a substantial profit for re-investment.

Companies and Markets

CURRENCIES, MONEY AND GOLD

$ stays strong

THE DOLLAR remained firm in the foreign exchange market yesterday, and was prevented from further appreciation by intervention by the major central banks. The U.S. currency rose to DM 1.7900 from DM 1.7830 against the D-mark, the highest level since mid-November. In terms of the Swiss franc the dollar was at its best level since last June, rising to SwFr 1.7180 from SwFr 1.7140.

Most currencies continued to decline against the dollar, influenced by the further rise in U.S. interest rates, as bank prime rates touched a record 17¼ per cent. On the other hand the Japanese yen improved again following more heavy support by the Bank of Japan in Tokyo. The dollar fell to Y246.30 from Y247.80 in London.

On Bank of England figures, the dollar's trade-weighted index was unchanged at 86.6.

Sterling's index, as calculated by the Bank of England, fell to 71.7 from 72.6, after standing at 72.2 at noon and 72.1 in the morning. The pound fell sharply against the dollar in late trading, to a low of $2.2215-2.2225, where the authorities gave some support to sterling. Trading was thin as the market neared the end of trading in London, and the scale of intervention was not heavy. By the close the pound had recovered some of the lost ground and closed at $2.2360-2.2380, a fall of 50 points on the day.

D-MARK—Steady within European Monetary System, but weaker against dollar following sharp upward movement in U.S. interest rates — The D-mark showed mixed changes against its EMS partners, while gaining ground in terms of sterling at the Frankfurt fixing. The Japanese yen improved against the German currency, and the dollar was also strong despite further intervention by the Bundesbank. The central bank sold $59.15m at the fixing as the dollar rose to DM 1.7824 from DM 1.7799, and it was believed that the Bundesbank continued to give heavy support to the D-mark in open trading. Estimates of Monday's open market intervention ranged from $250m to $500m. Among EMS currencies the French franc and Italian lira declined against the D-mark, but other members were firmer. The Swiss franc rose to DM 1.0420

ITALIAN LIRA — Remaining firm, and returning to the top of the EMS—The lira lost ground against most other EMS currencies, and other major units, with the notable exception of sterling which fell to L1,855.20 from L1,870.80 at the Milan fixing. The Bank of Italy sold $13m of the $18m officially traded when the dollar rose to L827.05 from L825.30 at the fixing. The Swiss franc rose to L483.08 from L481.17, and the yen to L3.357 from L3.321.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation—The Belgian franc improved against the French franc and lira at the Brussels fixing, but declined against other EMS members. The dollar rose to BFr 28.965 from BFr 28.92, but sterling fell to BFr 64.985 from BFr 65.57.

JAPANESE YEN — Energy problems reflected in sharp decline last year, which after a slight pause has recently been renewed, resulting in a support package and heavy central bank intervention—The Bank of Japan sold about $800m to help the yen, following $600m of intervention on Monday. The Japanese currency closed unchanged against the dollar at Y247.97½. The strong dollar broke through Y248 several times, touching a peak of Y248.10, and was only kept from a further appreciation by the Japanese central bank.

THE DOLLAR SPOT AND FORWARD

March 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2215-2.2465	2.2360-2.2380	0.52-0.42c pm	2.52	0.92-0.82 pm	1.55
Ireland†	2.0695-2.0720	2.0685-2.0700	0.52-0.42c pm	2.73	1.00-0.90 pm	1.84
Canada	1.1428-1.1531	1.1504-1.1507	0.35-0.31c pm	3.45	1.02-0.97 pm	3.47
Nethlnd.	1.9590-1.9853	1.9643-1.9853	0.93-0.83c pm	5.37	2.53-2.43 pm	5.06
Belgium	28.94-29.05	29.03-29.05	5½-4c pm	1.96	18-15 pm	2.27
Denmark	5.5515-5.5700	5.5605-5.5620	1.80-2.30ore dis	−4.42	4.90-5.40dis	−3.70
W. Ger.	1.7795-1.7910	1.7895-1.7905	1.45-1.35pf pm	9.38	3.92-3.82 pm	8.66
Portugal	48.37-48.65	48.55-48.65	7-17c dis	−2.96	20-45 dis	−2.67
Spain	67.27-67.57	67.52-67.57	20-30c dis	−4.44	65-80 dis	−4.29
Italy	826.50-828.20	827.90-828.20	0.8-1.3lire dis	−1.52	4¼-5 dis	−2.23
Norway	4.9380-4.9560	4.9500-4.9515	1.80-1.30ore pm	3.76	4.55-4.15 pm	3.51
France	4.1800-4.1950	4.1930-4.1950	1.47-1.37c pm	4.07	3.90-3.75 pm	3.65
Sweden	4.2390-4.2530	4.2470-4.2480	0.80-0.60ore pm	1.98	2.75-2.55 pm	2.49
Japan	245.65-248.20	246.25-246.35	1.40-1.26y pm	6.45	3.75-3.60 pm	5.97
Austria	12.746-12.771	12.766-12.771	9.20-8.60gro pm	8.36	28.00-26.00pm	8.46
Switz.	1.7050-1.7190	1.7175-1.7185	1.96-1.85c pm	13.31	5.05-4.95 pm	11.64

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

March 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2215-2.2465	2.2360-2.2380	0.52-0.42c pm	2.52	0.92-0.82 pm	1.55
Canada	2.5610-2.5780	2.5760-2.5780	1.35-1.25c pm	6.05	3.35-3.25 pm	5.12
Nethlnd.	4.36-4.41	4.39¼-4.40¼	3⅛-2⅛c pm	7.84	8-7 pm	6.82
Belgium	64.50-65.05	64.90-65.00	30-20c pm	4.62	70-60 pm	4.00
Denmark	12.37-12.48	12.44½-12.45½	1⅝-3⅛ore dis	−2.29	6¾-7¾ dis	−2.21
Ireland	1.0730-1.0845	1.0765-1.0775	0.03-0.08p dis	−0.50	0.03pm-.02dis	0.02
W. Ger.	3.97-4.01½	4.00-4.01	4⅛-3⅛pf pm	11.61	10¼-9¼ pm	10.11
Portugal	107.70-108.90	108.20-108.40	5c pm-30 dis	−1.38	15-90 dis	−1.94
Spain	150.05-151.10	150.80-150.90	10-40c dis	−1.99	80-110 dis	−2.25
Italy	1,839-1,854	1,851-1,852	2¾-¾lire pm	1.13	1¼-3¼ dis	−0.59
Norway	11.00-11.09	11.07½-11.08½	7½-5½ore pm	6.90	16-14½ pm	5.50
France	9.31-9.39	9.36¾-9.37¾	5¾-4¾c pm	6.72	12½-11½ pm	5.12
Sweden	9.43-9.53	9.49¾-9.50¾	4½-3½ore pm	5.05	10¼-9¼ pm	4.11
Japan	545-560	550½-551½	4.20-3.90y pm	8.82	10.55-10.25pm	7.55
Austria	28.42-28.65	28.55-28.60	27-22 gro pm	10.29	62-55 pm	8.19
Switz	3.81-3.85½	3.84-3.85	5½-4½c pm	15.80	13-12 pm	13.00

Belgian rate is for convertible francs. Financial franc 66.50-66.60. Six-month forward dollar 1.60-1.50c pm. 12-month 2.45-2.35c pm.

CURRENCY RATES

Mar. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.573851	0.620687
U.S. $	13	1.30092	1.40505
Canadian $	14	1.48682	1.60794
Austria Sch.	3¾	16.5724	17.9144
Belgian F.	12	37.6226	40.6340
Danish K.	13	7.22726	7.80856
D'Mark	7	2.31651	2.50197
Guilder	9½	2.54720	2.75179
French Fr.	9½	5.42971	5.86538
Lira	15	1073.58	1159.87
Yen	7¼	322.628	349.183
Norwgn. Kr.	9	6.42264	6.92689
Spanish Pts.	8	87.4687	94.4614
Swedish Kr.	10	5.50927	5.94968
Swiss Fr.	3	2.23004	2.40966

CURRENCY MOVEMENTS

Mar. 4	Bank of England Index	Morgan Guaranty changes %
Sterling	71.7	−33.9
U.S. dollar	86.6	−7.1
Canadian dollar	83.0	−15.6
Austrian schilling	157.1	+24.9
Belgian franc	114.6	+13.3
Danish kroner	108.1	−5.1
Deutsche mark	155.6	+45.4
Swiss franc	192.5	+73.3
Guilder	126.0	+20.4
French franc	101.2	−6.0
Lira	54.8	−49.6
Yen	115.7	+14.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Mar. 4	£	$		£ Note Rates
Argentina Peso	3803-3823	1700-1710	Austria	28.40-28.55
Australia Dollar	2.0320-2.0360	0.9105-0.9115	Belgium	66.20-66.70
Brazil Cruzeiro	100.43-101.43	44.90-45.35	Denmark	12.41-12.48
Finland Markka	8.41¾-8.43	3.7830-3.7850	France	9.32-9.38
Greek Drachma	87.728-89.904	39.10-39.20	Germany	3.99-4.01½
Hong Kong Dollar	11.00¼-11.02¼	4.9500-4.9550	Italy	1845-1900
Iran Rial	n/a	n/a	Japan	551-556
Kuwait Dinar(KD)	0.612-0.622	0.2747-0.2746	Netherlands	4.39-4.41½
Luxembourg Frc.	64.90-65.00	29.03-29.05	Norway	11.03-11.10
Malaysia Dollar	4.8685-4.8725	2.1870-2.1890	Portugal	105-112
New Zealand Dlr.	2.3045-2.3095	1.0325-1.0335	Spain	147½-155
Saudi Arab. Riyal	7.49-7.59	3.3600-3.3650	Sweden	9.48-9.50
Singapore Dollar	4.8310-4.8410	2.1730-2.1750	Switzerland	3.82-3.84
Sth. African Rand	1.8040-1.8065	0.8065-0.8070	United States	2.38-2.247
U.A.E. Dirham	8.34-8.44	3.7400-3.7450	Yugoslavia	50-51½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5915	+1.99	+1.61	±1.53
Danish Krone	7.72336	7.79470	+0.92	+0.44	±1.64
German D-Mark	2.48208	2.49781	+0.63	+0.15	±1.125
French Franc	5.84700	5.85951	+0.21	−0.27	±1.3557
Dutch Guilder	2.74362	2.74864	+0.18	−0.30	±1.512
Irish Punt	0.662201	0.676300	+1.21	+0.73	±1.668
Italian Lira	1157.79	1158.87	+0.09	+0.09	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar. 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.237	4.005	551.0	9.373	3.845	4.398	1852.	2.577	64.95
U.S. Dollar	0.447	1.	1.790	246.3	4.190	1.719	1.966	827.7	1.152	29.03
Deutschemark	0.250	0.559	1.	137.6	2.340	0.960	1.098	462.3	0.643	16.22
Japanese Yen 1,000	1.815	4.060	7.269	1000.	17.01	6.978	7.981	3360.	4.677	117.9
French Franc 10	1.067	2.387	4.273	587.9	10.	4.102	4.692	1975.	2.750	69.30
Swiss Franc	0.260	0.582	1.042	143.3	2.438	1.	1.144	481.5	0.670	16.89
Dutch Guilder	0.227	0.509	0.911	125.3	2.131	0.874	1.	421.0	0.586	14.77
Italian Lira 1,000	0.540	1.208	2.163	297.6	5.062	2.077	2.375	1000.	1.392	35.08
Canadian Dollar	0.388	0.868	1.554	213.8	3.637	1.492	1.706	718.5	1.	25.20
Belgian Franc 100	1.540	3.444	6.166	848.3	14.43	5.920	6.771	2851.	3.968	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.90-17.00 per cent; three-months 17.50-17.60 per cent; six months 17.50-17.60 per cent; one year 16.60-16.70 per cent.

Mar. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	19-19¼	15½-15⅞	8½-9½	11¼-11½	1¾-2	7⅞-8	12¾-13	14-16	16¼-16½	7-9
7 days' notice	18⅝-18⅞	16¼-16½	8½-9½	11½-11¾	2¼-2½	8-8⅛	13-13¼	16¼-18	16 1/16-16 5/16	10⅞-11⅛
Month	19⅛-19⅜	16¾-17	12¾-13⅛	12⅛-12⅜	4¼-4⅜	8½-8 11/16	13 1/16-13 5/16	18-18¾	16 7/16-16 11/16	10 15/16-11 1/16
Three months	19¼-19½	17¾-18	13½-13⅞	12⅝-12⅞	5¾-5⅞	9 1/16-9 3/16	14⅛-14⅜	20-20½	17 7/16-17 11/16	11⅝-11⅞
Six months	18⅞-19⅛	17¼-17½	13⅞-14½	12¾-13	5 13/16-6 1/16	9 1/16-9 5/16	14⅞-15⅛	20-20¾	17¼-17⅜	11⅜-11⅝
One year	18⅛-18⅜	16¾-17	14⅜-14¾	12⅞-13⅛	6 1/16-6 5/16	9 1/16-9 5/16	14⅞-15⅛	21-22	16¾-16⅞	10⅞-11⅛

Long-term Eurodollar two years 15¾-15⅞ per cent; three years 15¼-15½ per cent; four years 15-15¼ per cent; five years 14¾-15 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates steady

Interest rates in Europe showed a steadier tendency yesterday, with call money in Paris easing slightly from Monday's five and a half year high of 13 per cent to 12 15/16 per cent yesterday. Period rates showed little change. In Frankfurt call money rates were static after recent fluctuations, being quoted at 8.50-8.60 per cent, much the same as Monday. However the overall pattern does not appear to have changed, with central banks trying to follow the line between maintaining a tight grip on the supply of money, and ensuring that funds are in adequate supply to meet the markets' essential needs.

In Amsterdam money rates were slightly easier where changed with call money easing to 10¾-11½ per cent from 11½-11¾ per cent, and three-month at 12⅝-12⅞ per cent compared with 12⅞-13 per cent.

Belgian rates were a little up from Monday, with one-month deposits at 15¼-15⅝ per cent from 15-15¼ per cent and six-month deposits at 15¼-15½ per cent compared with 15⅛-15⅜ per cent.

In New York Chase Manhattan Bank was the first to increase its prime rate to 17¼ per cent from 16¾ per cent reflecting the general feeling that U.S. interest rates had not reached their peak. Federal funds were quoted at 16¾-16⅞ per cent in early trading, slightly down from Monday. The market was further depressed when the Fed intervened to sell $1bn of bills for a customer account.

In Singapore Overseas Union Bank became the last of the big four banks to increase its prime rate to 10¼ per cent from 10 per cent. The other three, the Development Bank of Singapore, United Overseas Bank and Overseas Chinese Banking Corporation all have a common rate of 10¼ percent. Also yesterday the Hongkong and Shanghai Banking Corporation pushed up its prime rate to 10¾ per cent from 10¼ per cent.

GOLD

Quiet trading

Gold closed unchanged at $635-640 in the London bullion market yesterday. It opened at $630-635, and was fixed at $633.25 in the morning, and $631.25 in the afternoon, losing ground on news of a further rise in U.S. bank prime lending rates. Trading was fairly quiet in the morning, but slightly more active in the afternoon as the metal fell to a low of $629-632 shortly after the New York opening.

In Paris the 12½-kilo gold bar was fixed at FFr 85,250 per kilo ($634.11 per ounce), in the afternoon, compared with FFr 85,400 ($635.64) in the morning, and FFr 86,000 ($640.88) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,210 per kilo ($632 per ounce), compared with DM 36,470 ($637.82) previously.

	Mar. 4		Mar. 3	
Gold Bullion (fine ounce)				
Close	$635-640	(£285¼-287½)	$635-640	(£282¾-285)
Opening	$630-635	(£281¼-283½)	$635-640	(£280½-282½)
Morning fixing	$633.25	(£282.600)	$637	(£281.323)
Afternoon fixing	$631.25	(£283.389)	$635.75	(£280.918)
Gold Coins				
Krugerrand	$637-641	(£285-288)	$635-637	(£282-285)
Mapleleaf	$635-645	(£284-289)	$630-640	(£281-286)
New Sovereigns	$158-160	(£70¾-72¾)	$157-159	(£70-72)
King Sovs	$178-181	(£79¾-81¾)	$177-180	(£78½-80½)
Victoria Sovs	$180-182	(£80½-82½)	$177-180	(£78½-80½)
French 20s	$147½-150½		$145-148	
50 pesos Mexico	$775-785		$778-788	
100 Cor. Austria	$610-620		$610-620	
$20 Eagles	$750-760		$742-747	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

The repayment of Monday's advances and Friday's official loans, both termed as moderate contributed mainly to the shortage of day-to-day credit in the London discount market yesterday. Other factors running against the market included a small net take up of Treasury bills to finance, and banks brought forward balances a small way below target. On the other hand Government disbursements exceeded revenue transfers to the Exchequer by a small amount.

The authorities gave assistance on a very large scale, which comprised small purchases of Treasury bills and a small number of corporation bills, both from banks and discount houses, and a large number of eligible bank bills, the latter being for resale at a fixed future date. The help was made up with small loans to one or two houses at MLR for repayment today. Discount houses were paying up to 17 per cent for secured call loans at the start, with small amounts taken later in the day down to 16½ per cent.

In the interbank market overnight loans opened at 18¼-18¾ per cent and touched 20 per cent, after a forecast of a higher than large shortage. By mid-afternoon however, rates had fallen away to 12 per cent but rose towards the close to around 18 per cent. Period rates were higher in a rather nervous market, which reflected the latest rise in U.S. prime rates.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 4 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-20	—	—	—	17½-19	16½-17	—	—	—
2 days notice	—	—	18½-19	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	18¾-19	18⅝-19	—	19¼	19	17	—	—	—
One month	19-18⅝	18⅞-19	18½-18¾	19¾-19⅝	19¼	18⅞-19¼	16⅞	15 15/16	18¼-18⅛	18½
Two months	19-18⅝	18⅞-19	—	19½-19	19¼	—	16¾	16 1/32	18 1/16-18 1/32	18½
Three months	18 11/16-18⅜	18¾-18⅞	18⅝-18⅝	18¾-18½	19¼	18⅞-19¼	16⅝	15 31/32	17⅞-17 15/32	18¼
Six months	18-17 15/16	18-18⅛	17⅞-18⅛	18¾-18¼	18⅛	18⅛	—	—	16 15/16-16⅝	17
Nine months	17⅝-17⅛	17¼-17½	—	17½-17	17¾	—	—	—	—	—
One Year	17-16¾	17-17¼	17⅝-17⅝	17⅛-16¾	17⅝	—	—	—	—	—
Two years	—	—	16¼-17	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16¾-16⅝ per cent; four years 16¾-16½ per cent; five years 16-16⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17½ per cent; four-month trade bills 18 per cent.

Approximate selling rates for one-month Treasury bills 15 25/32-15 27/32 per cent; two-months 15 29/32-16 per cent; three-months 16 3/32-16⅛ per cent. Approximate selling rates for one-month bank bills 17⅞-18 per cent; two-months 17 29/32-18 3/32 per cent; three-months 17⅞-17 31/32 per cent; one-month trade bills 18½ per cent; two-months 18¼ per cent and three-months 18 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1236 per cent.

MONEY RATES

NEW YORK	
Prime Rate	16¾-17¼
Fed. Funds	16½
Treasury Bills (13-week)	15.36
Treasury Bills (26-week)	14.77
GERMANY	
Discount Rate	7
Overnight Rate	8.55
One month	8.90
Three months	9.27½
Six months	9.40
FRANCE	
Discount Rate	9.5
Overnight Rate	12.9375
One month	13.1875
Three months	13.8875
Six months	13.6875
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.5
Bills Discount (three-month)	10.40625

BL increases Bounty forecast

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL HAS increased its sales forecast for the Bounty, the car it will produce from a design by Honda of Japan,

The group intends to build 80,000 a year, compared with the first estimate of 70,000, which was subsequently reduced by 10,000 when expectations for the Continental markets worsened.

Mr. Ray Horrocks, managing director of BL Cars, said yesterday his company and Honda had overcome the problems which could have held back output of the Bounty.

BL's engineers were enthusiastic about it. "They say it is the best car of its type from any manufacturer they have ever driven."

While the Metro, to be launched in October, was the key car in BLs attempts to rebuild exports, the Bounty would be "a strong second string in the Common Market countries."

Mr. Horrocks said half the Bounty's components would be British made at the start of production in mid-1981. This percentage would rise steadily.

He thought BL would be able to buy most components in the UK, apart from drive-train items—engine, gear box and transmission—because the cost of tuning up would not be economic.

Dealing with more immediate matters, Mr. Horrocks said that, although BL was disappointed with its 17.6 per cent share of the UK new car market in February, he expected the March share would be back above 20 per cent.

Since the beginning of the year BL had recruited 61 new dealers from a wide variety of competing companies, as part of its ai mto attract dealerships in rural areas, where customer loyalty is strong.

If all the BL dealers sold the cars they were committed to take this year BL would end 1980 with a 22.5 per cent market share.

In view of the buoyancy of the market so far this year, BL forecasts UK car sales will reach 1.465m against its previous estimate of 1.4m.

Mr. Horrocks said BL Cars did not expect a record year in 1980 but would be "fighting its way back into the black" and would make an operating profit for the year. But some extraordinary costs for closures and redundancies would make an impact on the accounts.

FT MOTOR CONFERENCE IN GENEVA

More Honda-style links sought

BL'S AGREEMENT with Honda to produce a car of Japanese design did not preclude ventures with other manufacturers, said Mr. Ray Horrocks, managing director of BL Cars, yesterday, writes Kenneth Gooding.

"BL is very much in the business of seeking such agreements," he said. He suggested that the investment required to develop new cars and components was so vast that more comprehensive co-operation and collaboration would be inevitable for smaller manufacturers such as BL.

"Inflation, the cost pressures of energy, product liability, and tighter legislation generally will make a strong impact on the need for more manufacturers to get together."

The industry would, therefore, regroup and reshape in the coming decade.

"What I am convinced about is these changes will accelerate and proliferate. There are only a finite number of solutions to the challenges all manufacturers will have to respond to, and one of these will be greater collaboration, regardless of national, continental or international boundaries."

Mr. Horrocks insisted that BL did not consider its deal with Honda was weakening the European motor industry.

"There is a broad strand of European collaboration between indigenous manufacturers with threads stretching to the U.S. through both multinational and European companies. Major U.S. companies have investments in Japanese motor companies or technical and marketing agreements. There is a path from Europe to the States and then to Japan.

"Outside these three major industry centres, there is a maze of co-operative ventures through which automotive technology is transferred to every country in the world."

He said the BL-Honda agreement was very much in BL's best interests. BL had established a joint working party with Honda to explore other areas for co-operation, and Mr. Horrocks did not expect this to be all in one direction.

However, Anglo-Japanese collaboration did not mean that BL felt it must stand aside when the UK industry was threatened by unfair trading.

"BL believes it is both logical and reasonable to build in the UK a Japanese-designed car which will maintain in the region of 25,000 jobs in the motor industry as a whole, as opposed to the substantial loss of jobs in Britain as a result of built-up Japanese imports. Both collaboration and restraint are major factors in the recovery of the UK industry."

The partnership and co-operative theme was echoed by Mr. Patrick Kaine, president of International Harvester's truck group.

He suggested the survival of many truck - manufacturing groups could well depend on their finding the right partner for the future. He said this was particularly true of companies which depended heavily on exports to ensure manufacturing economies.

"Export can no longer be considered a long-term growth potential. Despite the desperate need for trucks in under-industrialised nations, the needs of these nations to develop their own industries will prevail. The resulting imbalance of payments makes continuing reliance on exports an economic folly for any nation."

Mr. Kaine forecast that in a few years' time the world's fifty or so truck manufacturers would be reduced to around twenty.

"Among the missing will be those companies with limited production capacity, limited resources, limited technology, and limited market-place. The only two exceptions could be those makers which are heavily subsidised by their governments and whose market-place is vigorously protected. Even then, their continued viability will be extended only by the nation's willingness to carry that increasing liability. The other exception would be the low-volume producers who purchase most of their components for trucks built for very special applications."

Mr. Kaine outlined what the successful truck manufacturer of the future will look like: it will have access to several markets with annual sales potential of at least 50,000 units. It will thus achieve the necessary manufacturing efficiencies to produce these units at cost levels which will permit competitive pricing strategies. These profits, in turn, will allow the introduction of new models incorporating substantially higher levels of technology and innovation which will be required of our industry."

He also said that Japanese and Russian manufacturers were developing more sophisticated and competitive designs. The first of which would probably appear by 1982. "They must be considered a very significant force in the future," said Mr. Kaine.

Mr. Kaine gave International Harvester's five year forecast for the truck industry.

The market for trucks over nine long tons is expected to grow at 2 per cent a year. Within this, the strongest performances will be in the Far East, 8 per cent a year, and the Middle East, 5 per cent. The UK, Germany and France, accounting for 70 per cent of the European truck market, should grow at about 1 per cent.

Midland Bank statistics

Statistics compiled by Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in February was £30.4m, somewhat similar to the previous month's total of £28.0m but less than one-third of the sum raised in the corresponding month of 1979.

For the first time since August 1978 public bodies accounted for more than one-half of the total raised. Twenty-eight local authority issues, the highest since June 1978, raised a total of £19.8m while the Agricultural Mortgage Corporation made a bond issue to raise £2.0m.

Five issues by companies amounted to only £8.6m including £3.3m raised by two water companies by the issue of 9 per cent Redeemable Preference Stock 1985. The remainder comprised three rights issues, the largest of which was for Premier Consolidated Oilfields (£4.3m).

In the first two months of the year only £58.4m has been period since 1974.

COMPANY NOTICES

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

LOAN OF U.S.$50,000,000 9⅝%—1975/1982
Unconditionally guaranteed by the French State

Bondholders are hereby informed that the amortisation of March 26, 1980 for which an instalment of a nominal value of U.S.$5,000,000 is due, has been entirely met by purchases in the market.

Interest due on March 26, 1980 will be paid at the following banks: BANQUE FRANCAISE DU COMMERCE EXTERIEUR, Paris—CREDIT LYONNAIS, Luxembourg — BANQUE NATIONALE DE PARIS, Paris — BANQUE DE PARIS ET DES PAYS BAS, Paris—SOCIETE GENERALE DE BANQUE, Bruxelles—BANQUE BRUXELLES LAMBERT, S.A., Bruxelles — CREDIT SUISSE, Zurich — DEUTSCHE BANK A.G., Frankfurt.

Outstanding amount after this fifth instalment: U.S.$34,000,000.

Bonds previously drawn and not yet presented for repayment:
March 26, 1977: No. 11392
March 26, 1978: Nos. 13556, 13755 to 13764.

The Fiscal Agent.
CREDIT LYONNAIS-LUXEMBOURG.

GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE

US$50,000,000.00 FLOATING RATE NOTES DUE 1985

For the six months, February 28, 1980 to August 27, 1980, the notes will carry an interest rate of 15½% per annum.

The interest due August 29, 1980 against coupon No. 5 will be US$91.63 and has been computed on the actual number of days elapsed (182) divided by 360.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter,
Luxembourg.

N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST
(English and Dutch Investment Trust)
established in Amsterdam

NOTICE IS HEREBY GIVEN that an Ordinary General Meeting of Shareholders will be held at the offices of the Company, Sarphatistraat 14a, Amsterdam, on Thursday, 20th March, 1980 at 14.30 hours.

Shareholders who wish to attend the Meeting must deposit their share certificates on or before Thursday, 13th March, 1980 with one of the following Depositaries.

in London:
with Hill Samuel & Co. Limited
45 Beech Street, EC2P 2LX;
in Amsterdam:
with Hollandse Koopmansbank N.V.
Sarphatistraat 14a 1017 WS

Copies of the Annual Report and Accounts for the year ended 31st December, 1979 and of the resolutions to be put before this Meeting, are available at the offices of the above named.

By Order of the Board,
HOLLANDSE KOOPMANSBANK N.V.
Management.

Amsterdam,
5th March, 1980.

THE COMMERCIAL BANK OF AUSTRALIA

HALF-YEAR RESULTS AND DIVIDENDS

The Directors announced February 28th 1980 that unaudited Group operating net profit for the half-year to December 31st, 1979 was Aust. Dlrs. 20,007,000, an increase of Aust. Dlrs. 1,512,000 (8.2 per cent) above the corresponding period of last year. After allowing for extraordinary items, Group net profit was Aust. Dlrs. 21,179,000, an increase of Aust. Dlrs. 2,130,000 (11.2 per cent).

Compared with the June 1979 half-year, the increase in operating profit was 11.9 per cent (17.9 per cent after including extraordinary items).

In releasing these figures, Mr. S. M. Kimpton, Chairman of Directors, said that the Australian banking operations had contributed the major portion of the increase, mainly as a result of:
—increased volumes of business
—containment of the rate of increase in operating expenses.

Reflecting this situation, net profit from banking operations for the half-year to December 31st 1979 was Aust. Dlrs. 13,248,000 an increase of Aust. Dlrs. 2,778,000 (26.5 per cent) over the December 1978 half-year, and Aust. Dlrs. 2,675,000 (25.3 per cent) over the June 1979 half-year.

General Credits Holdings Limited maintained its profitability at approximately the same level as for the June 1979 half-year, which is considered satisfactory having regard to the tight trading conditions in many of the sectors in which the finance subsidiary operates. When compared with the December 1978 half-year however, operating profit is down from Aust. Dlrs. 7,429,000 to Aust. Dlrs 5,577,000.

Interim dividends have been declared in respect of the year ending June 30th, 1980 as follows:
—40 cents per preference stock unit (last year's interim 40 cents per unit)
—10 cents per ordinary stock unit (last year's interim 8.5 cents per unit).

Dividends will be payable on Thursday April 3rd.

To determine members' entitlements, the transfer books will close at 5.00 p.m. on Wednesday March 19th, and will reopen on Friday, March 21st.

DAVID DOBBIE,
Managing Director

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the One Hundred and Fifty-fifth Ordinary General Meeting of the Stockholders of the Company will be held at the Principal Office of the Company, Blackwell House, Aldenham Road, Watford on Thursday, 27th March, 1980 at 12.30 p.m. for the following purposes:

1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st December, 1979.
2. To confirm and declare dividends.
3. To re-elect Mr Michael S Ross Collins a director of the Company.
4. To re-elect Mr. John M. Haseldine a director of the Company.
5. To authorise the directors to fix the remuneration of the auditors.
6. To transact the ordinary business of the Company.

Dated this 5th day of March, 1980.
By Order of the Board,
W. A. COSGROVE,
Secretary.

Blackwell House,
Aldenham Road,
WATFORD,
Hertfordshire, WD2 2EY.

BARCLAYS BANK LIMITED

NOTICE IS HEREBY GIVEN that the REGISTER OF HOLDERS of Ordinary Stock of the Company will be closed from 15th April 1980 to 8th May 1980 both dates inclusive

D. H. JOHNSON Secretary.
54 Lombard Street,
London EC3.
5th March 1980.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967

CELIA MORTIMER (LONDON) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of CELIA MORTIMER (LONDON) LIMITED, will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Friday the 14th day of March 1980, at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.

Dated this 26th day of February 1980.
By Order of the Board,
B. CANNY, Director.

THE COMPANIES ACTS 1948 TO 1967

SECRET INGREDIENT LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Wednesday, the 12th day of March 1980, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 25th day of February 1980.
By Order of the Board,
FRANK ASHBOURN, Director.

PUBLIC NOTICES

LOCAL AUTHORITY BILLS
STRATHCLYDE REGIONAL COUNCIL
£6,000,000 Bills, issued 5th March 1980, maturing 4th June, 1980, at 16 7/32%. Applications totalled £38,500,000 and there are £24,000,000 bills outstanding.

LOCAL AUTHORITY BILLS
DUDLEY METROPOLITAN BOROUGH
£2,100,000 Bills, issued 5th March, 1980, maturing 5th June, 1980, at 16 1/16%. Applications totalled £19,500,000, and there are £5,600,000 Bills outstanding.

GLASGOW DISTRICT COUNCIL
Bills issued 5.3.80 £5.0m at 16 5/16% maturing 4.6.80. Applications £35m. Bills outstanding £10.0m.

Further early Wall St. slide

A NEW round of interest rate increases caused a further sharp setback on Wall Street across a wide front in heavy early dealings yesterday, although the market was above the worst by mid-session.

The Dow Jones Industrial Average, after losing 7.17 more by the 10.30 am calculation, was a net 4.26 lower at 850.09 at 1 pm. The NYSE All Common Index was 51 cents down at $63.84, after touching $63.78. Declines led gains at mid-sesion by a four-to-one majority, while volume expanded to 31.47m shares from Monday's 1 pm level of 25.20m.

Chase Manhattan Bank raised its Prime Rate to 17½ from 16¾ per cent and was quickly followed by several others, including Bank of America.

Analysts said the interest rate increases and indications that there will be no quick move from Washington to reduce inflationary pressures had further discouraged investors. President Carter cancelled a planned *breakfast meeting with economic* advisers as being superfluous at this time.

Among interest rate-sensitive issues, American Telephone lost ⅞ to $47⅞, Federal National Mortgage ⅝ to $13, Citicorp ⅝ to $19, *Bankamerica ½ to $21¾ and* Marsh and McLennan 1⅝ to $60.

Volume leader Pepsico shed ⅞ to $20½. Sugar market dealers said Pepsico has authorised use of up to 50 per cent of high fructose corn sweetener in its *soft drink syrup. Coca-Cola,* which made a similar move earlier this year, receded ⅞ to $31½.

Plantronics fell 1⅛ to $15⅞ on forecasting lower fiscal third-quarter net earnings. Barber Oil declined 2⅛ to $54⅞. The company said it has had no merger offers since ending talks with a unit of Hanson Trust, of London.

Boeing, which added ⅜ at $61½, has received an order for six 737 jetliners.

THE AMERICAN S.E. Market Value Index retreated 4.62 to 296.76 at 1 pm on volume of 3.61m shares (3.14m).

Canada

In unison with the Wall Street fall, Canadian markets sustained a widespread marked reaction yesterday morning in another large business. The Toronto Composite Index fell 28.7 to 2,153.8 at noon, while the Oil and Gas index lost 122.8 to 4,975.1, Golds 82.1 to 3,480.7, Metals and Minerals 34.0 to 2,364.6 and Banks 6.17 to 308.97.

Tokyo

With sentiment dampened by rumours that the Bank of Japan is considering another increase in the Official Discount Rate from the present 7.25 per cent, the market finished on a weaker note yesterday after the recent improvement. Trading remained active.

The Tokyo SE authorities were also reported to be thinking carefully about a further tightening of margin trading to control speculative buying.

The Nikkei-Dow Jones Average declined 15.29 to 6,778.27 and the Tokyo SE index 1.73 to 466.68. Falls on the First Market section outscored advances by 403 to 234 after volume of 500m shares (550m).

Against the trend, Machine Manufacturers advanced afresh, still buoyed by news of the high level of machine tool orders in January. Ikegai rose Y50 to Y485 and Niigata Engineering Y23 to Y416.

Oils met fresh early demand, and although gains were pared by afternoon sellings, *Nippon Oil* ended Y30 higher at Y2,030 and Teikoku Oil Y40 stronger at Y1,040.

Coals, which rose sharply on Monday, met substantial profit-taking, with Mitsui Mining falling Y28 to Y662, Sumitomo Coal Y20 to Y356 and Matsushita Kosan Y49 to Y801.

Nippon Steel shed Y2 to Y129 despite its planned steel price rise. Sumitomo Metal lost Y6 to Y146.

Germany

The market mainly drifted lower in *listless trading*, with Banks, Stores and some Machine Manufacturers leading the way. A drying up of buying orders on the stock market and continuing weakness on Bond markets prompted some investors to sell shares to seek the *higher* yields in fixed income securities. The Commerzbank index declined 6.1 to 721.5.

Deutsche Bank retreated DM 4.30, while Kaufhof were DM 4 lower in Stores. Linde fell DM 7 in the Machines sector. Among Metals-related issues, Preussag dipped DM 3.50 despite reports that the company may pay a dividend for 1979, which would be the first time since 1976.

Bundesbank stepped in as Government Bonds lost an average of half-a-point more. The Central Bank bought a nominal DM 8.1m of public issues to steady the market.

Milan

Stock prices generally lost ground in quiet trading because of uncertainties following the arrest of 38 leading bankers and businessmen, and renewed fears of higher interest rates.

Several *highly* prominent bankers were arrested on charges of embezzlement related to irregular loans allegedly made to personal friends and political allies. It is thought likely that Italian banks will raise their *Prime lending rate next week.*

Among Industrials, Fiat lost L44 to L2,000 and Finsider L2.50 to L84.75. Olivetti, however, advanced L35 to L1,835 on forecasts of sharply higher profits and a capital increase.

Pirelli retreated L45 to L2,055 and Bastogi L10 to L662.

Australia

Minings mostly receded on further profit-taking and a lack of fresh foreign buying interest, while the Industrials and Oils boards made a mixed showing. The Sydney All Ordinaries index lost 17.37 to 882.25 and the Metals and Minerals index 293.56 to 5,812.55.

BHP, strong of late on its hydrocarbon find on the Exmouth Plateau, fell 60 cents to A$13.70. However, in the Oils group, Esperance rose 35 cents to A$3.45 on rumours of an agreement with a major company to co-develop the Alpha oil shale prospect. Monarch Petroleum advanced 12 cents to A$1.05.

Heavyweight Minings retreated sharply, CRA falling 30 cents to A$6.00, MIM 20 cents to A$5.50, Peko-Wallsend 50 cents to A$8.90 and Western Mining 20 cents to A$4.80.

Hong Kong

Stocks generally further weakened in fairly active trading, the Hang Seng index closing 12.65 lower at 878.97, following a fall of 23.29 on Monday.

However, there was an afternoon rally from lows recorded at midday, when the index was *down 19.61, as major market* operators started buying because they felt the position was oversold.

Nevertheless, nervousness continues among local investors, who are expecting higher local interest rates. They are also showing concern about the possibility of President Carter's forthcoming economic announcement leading to restrictive U.S. economic policy.

Johannesburg

Gold shares closed mainly easier, although above the day's lowest levels, after fairly active trading on news of Mr. Robert Mugabe's election victory in Rhodesia.

Closing prices for North America were not available for this edition.

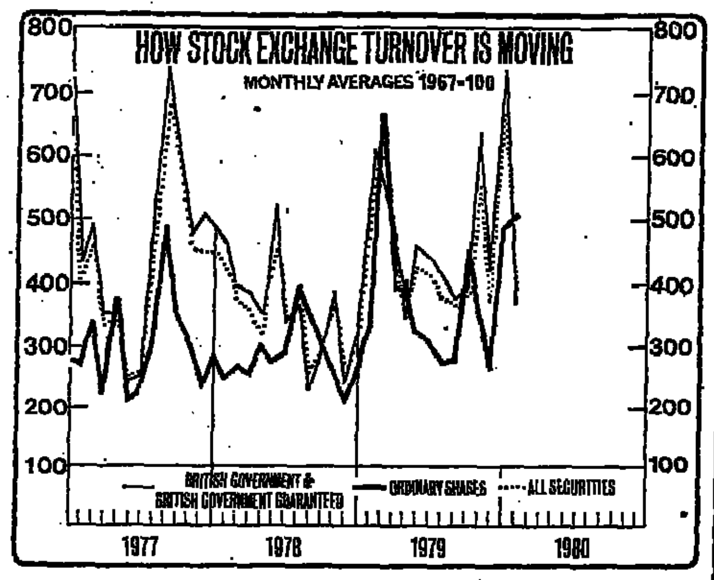
STOCK EXCHANGE TURNOVER

Gilts turnover down nearly 50% in February

BY GEOFFREY FOSTER

A SHARP dro pin demand for gilt-edged securities last month led to an overall fall in Stock Exchange turnover compared with January when total business came close to the record achieved in September, 1977.

From January's £21.6bn, overall trade dropped 41 per cent to £12.7bn, the fall partly reflecting the fact that there was one less trading day in February. The number of bargains decreased by 41,523 to 502,535, and the average value per bargain fell by £14,431 to £25,209. The FT Stock Exchange Turnover index for All Securities reacted from 660.8 in January to 388.2 as against last year's monthly average of 431.5.



Trade in gilt-edged fell £8.6bn,or 49.3 per cent, on the month to £8.8bn—its lowest since last May (£8.6bn). Business in short-dated stocks fell by £4.3bn to £4.58bn. while that in other fixed-interest securities was halved to £4.27bn.

The number of bargains done in the Funds fell by 25,695 to 80,977, with deals in the longs and irredeemable 16,722 fewer at 50,975 and those in the shorts 8,973 lower at 30.002. The FT Turnover Index for Government Securities mirrored the decreased business by falling to 374.7 compared with January's 739.5 and the 1979 monthly average of 454.8. The FT Government Securities index closed 2.32 points lower at 64.95.

Business in equities, however, continued to thrive with increased activity on the bids and deals front, providing considerable interest. Activity was also fairly hectic in oil and mineral exploration stocks.

Equity turnover last month edged forward £1m to £2.84bn. This is the second highest level on record and compares with the peak of £3.7bn in March, 1979. The number of bargains fell by 11,124 to 382,494, but the average value per bargain increased by £471 to £7,429.

The FT turnover index for Ordinary shares rose from January's 48.7 to 507.0, which compares with the 1979 monthly average of 358.5.

Prices of the miscellaneous industrial leaders showed further resilience throughout the month despite the continuing steel strike and other labour troubles. There was no let up either on the international political scene, but, from an end-January level of 453.3, the FT 30-share index touched 478.8 on February 13, before closing the month a net 13.8 points up at 467.1.

Category	Value of all purchases & sales £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed: Short dated (having five years or less to run)	4,580.4	36.2	30,002	6.0	218.1	152,669	1,429
Others	4,273.8	33.7	50,975	10.1	203.5	83,842	2,427
Irish Governments: Short dated (having five years or less to run)	251.5	2.0	1,461	0.3	12.0	172,146	70
Others	295.4	2.3	2,488	0.5	14.1	118,735	118
UK Local Authority	301.0	2.4	5,383	1.1	14.3	55,918	256
Overseas Government: Provincial and Municipal	9.8	0.1	1,698	0.3	0.5	5,780	81
Fixed interest stock, pref. and prefd., ordinary shares	115.1	0.9	28,034	5.6	5.5	4,106	1,335
Ordinary shares	2,841.4	22.4	382,494	76.1	135.3	7,429	18,214
Total	12,668.5	100.0	502,535	100.0	*603.3	*25,209	*23,930

* Average on all securities

CONTRACTS

£15m for opencast coalmining

Worth over £15m, a contract to operate a new opencast coal mining project in Scotland for the National Coal Board's opencast executive has been won by DEREK CROUCH (CONTRACTORS). The contract calls for the production of 1.2m tonnes of bituminous coal over the next five years. Work is due to start on the site—Cadgerhall opencast coal site, south west of Kirkconnel, in Nithsdale, Dumfries and Galloway—in April this year, and it is anticipated that it will provide 80 jobs for local men.

With three seams of coal at fairly flat gradients, a 12 cu yd dragline will be used to remove 18m cu metres of overburden and reach the lowest seam at a depth of 50 metres. Restoration of the 165 hectare site will take about one and a half years after coal production ends, and is due to be completed late in 1987.

*

CLEARWATER SYSTEMS, Guildford, has received three contracts worth around £100,000 for package sewage treatment plants. The plants will serve populations varying from 150 to 700 persons, and all have to meet a deadline less than the standard 12 week delivery period. The orders are for the Amir's Palace, Bahrain, a Sheik's palace in Jeddah, Saudi Arabia and a remote base camp for an oil company in the Sudan.

*

BP Refineries (Llandarcy) has awarded a contract worth over £150,000 to treat 40 cu metres/hr of Desalter effluent to AWS DELTA. The plant comprises two pressure, tilted plate, oil water separators of the Skimovex BV design, followed by a dissolved air flotation unit and is to be installed at Llandarcy, South Wales.

*

PLESSEY COMMUNICATIONS AND DATA SYSTEMS, Beeston, Nottingham, has won an order worth £300,000 from the Ministry of Defence for supplying communication systems for three nuclear submarines. The three systems, called VICES (Voice Internal Communications Equipment for Submarines) will be supplied between September this year and summer 1981.

APPOINTMENTS

T. J. Tice joins British-American Tobacco Board

Mr. T. J. Tice has been appointed a director of BRITISH-AMERICAN TOBACCO COMPANY. He was formerly a coordinator in territorial department.

*

Mr. Barrie Birch and Mr. Brian Sumner have been appointed to the Board of ALEX. LAWRIE FACTORS.

*

Mr. Frank Hatton has joined the Board of the SANGERS GROUP. He has been with the company for over 30 years and is the managing director of the Photographic Division (Southall Photographics).

*

Mr. Bernard Crowley has been appointed president of MERCK SHARP & DOHME (EUROPE) INC., a subsidiary of Merck & Co. Inc. Mr. Crowley also becomes a senior vice president of Merck Sharp & Dohme International, and will be responsible for MSDI operations in Europe and Africa. He was previously chairman of Merck Sharp & Dohme in the UK and vice president, Northern Europe of MSDI.

*

Dr. Colin Fothergill has been appointed director of exploration of GAFFNEY CLINE AND ASSOCIATES, petroleum and natural gas advisers. Dr. Fothergill was formerly a lecturer at the Royal School of Mines was also a director of Tricentrol. He will be based in the UK.

*

Mr. R. D. Payne has been appointed assistant general manager of CREDIT LYONNAIS UK.

*

Mr. A. W. Baldwin has joined the ANDREW WEIR AND CO. group as finance director and secretary of Spink and Son, director of Andrew Weir Insurance and director of Andrew Weir London. Mr. Baldwin was previously a partner in Hays Allan.

*

Wigham Poland, London, and Schiff Terhune, New York, have formed EAGLE INTERMEDIARIES, a reinsurance broking company based in New York. Mr. Keith N. Smaldon is the president and chief executive officer of Eagle. Other officers of the company are—London: Mr. D. R. Collins, Mr. C. D. Archibald and Mr. K. R. Stetzel. In New York: Mr. H. Feldman, Mr. B. Linder and Mr. A. H. Marks.

*

Mr. John Dean, Mr. Anthony Tiarks and Mr. Christian Mahé de Berdouaré have joined DREXEL BURNHAM LAMBERT and will be based in the London commodity office.

*

Mr. John A. R. R. French has been appointed senior representative in the UK for HUTCHISON WHAMPOA and continues as managing director of Hutchison Whampoa (UK). Mr. Stuart F. T. B. Lever, who has been associated with HWL for many years, will continue as a consultant to the company based in the London office.

*

Mr. E. H. Dunkley has joined the Board of DELTIGHT INDUSTRIES as group commercial director.

*

Mr. V. G. Guest has joined AMERADA PETROLEUM CORPORATION OF THE UNITED KINGDOM, in London, as manager of planning and administration. He was previously with British Gas Corporation and replaces Mr. R. J. L. Stephens, who has been transferred to Amerada Hess Corporation of Abu Dhabi.

*

Mr. D. H. R. Ness and Mr. I. C. McLeish have been appointed joint assistant managers of the SCOTTISH INVESTMENT TRUST COMPANY.

*

Mr. Sydney B. Chapman, Conservative MP for Chipping Barnet, has been appointed a non-executive director of CAPITAL AND COUNTIES PROPERTY COMPANY. Mr. Chapman is a chartered architect and town planning consultant.

*

Dr. D. R. Stewart has been appointed to the Board of BICC as an executive director. He is managing director of the Metal Manufacturers Group in Australia, which is the BICC's largest overseas subsdiary.

Dr. D. R. Stewart

*

Dr. A. Spinks and Mr. A. J. W. Owston have been appointed non-executive directors of JOHNSON MATTHEY AND CO. to fill vacancies following the resignations of Mr. F. J. L. Wells and Mr. D. T. Westlake. Dr. Spinks was a director of ICI from 1970 until he retired in March 1979. He was later appointed a non-executive director of Charter Consolidated. Mr. Owston is also a director of Charter Consolidated and has been primarily concerned with the company's mining interests, latterly in Malaysia.

*

Mr. E. R. Nixon, chairman and chief executive of IBM United Kingdom, has been appointed a director of ROYAL INSURANCE COMPANY.

*

Mr. Peter H. Grunwell has been appointed group chief accountant for PILKINGTON BROTHERS and will take up the post in July. He succeeds Mr. M. L. D. Windsor, who recently joined the main Board as a director and group treasurer.

*

Mr. J. R. Ellis has been appointed chief freight manager, BRITISH RAIL, Eastern Region, in succession to Mr. Stanley B. Hobbs who has retired.

*

Lord Winstanley, Professor Elizabeth Brunner, Mr. M. Andrew, Mr. E. C. J. Whittingham have been appointed members of the WATER SPACE AMENITY COMMISSION.

*

Mr. Peter Bowers, field sales director of LUIS GORDON AND SONS, has been appointed to the executive Board of that company.

*

Mr. Peter Allan has been appointed related banking services manager of the CO-OPERATIVE BANK responsible for Handycard (the Bank's retail credit card for Co-op shoppers), in-store banking operations and national sales. He is also a director of Holyoake Insurance Brokers, an associated company. Miss Susan Latham has become marketing services manager at the Bank.

*

Following the formation of ALIREZA INTERNATIONAL EXPRESS by Haji Abdullah Alireza and Co. of Saudi Arabia and International Express Company in the UK to provide a comprehensive worldwide door-to-door transport and freight forwarding operation in Saudi Arabia, Mr. Jean P. Bailly has been appointed general manager of the Alireza International Express head office in Jeddah, and Mr. Herman Ebner as Jeddah office manager. Mr. Bailly was general manager of the Middle East department of International Express at Brentwood, Essex, for five years, and Mr. Ebner was the company's sales co-ordinator at Birmingham.

*

Mr. Richard Morse has been appointed sales director of BRAND PACKAGING, a member of the Jefferson Smurfit Group of companies.

*

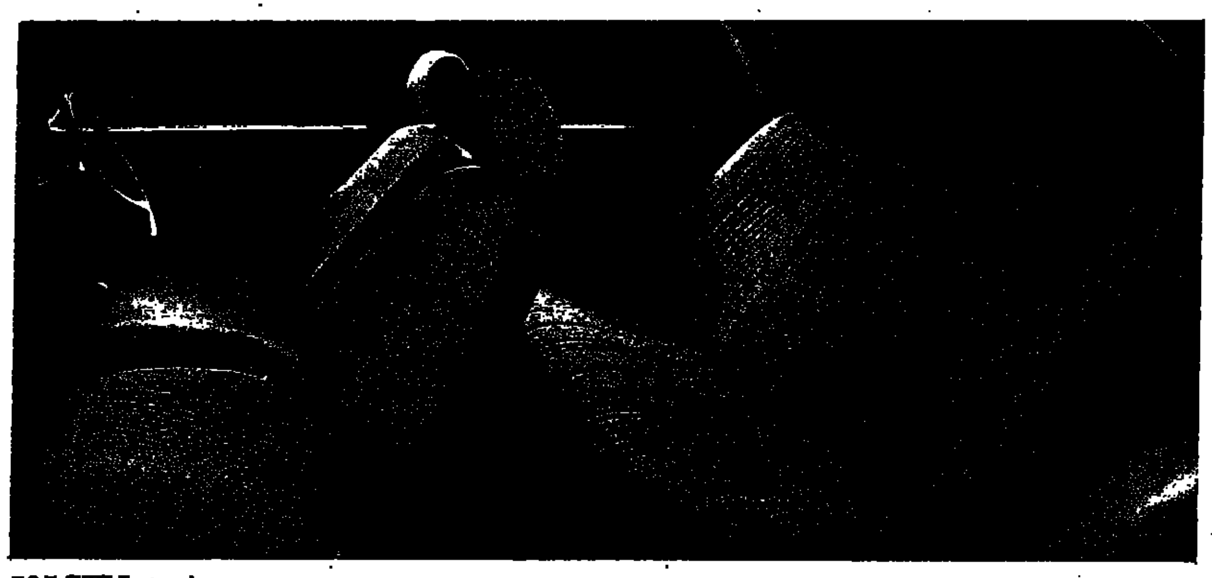
Mr. Hamish MacGregor has been appointed deputy director of the CONFEDERATION OF BRITISH INDUSTRY in Scotland, succeeding Mr. John Beattie, now industrial relations executive with the Scottish Development Agency.

*

Mr. Trevor Holdsworth, chairman of Guest Keen and Nettlefolds, is the new chairman designate of the BRITISH INSTITUTE OF MANAGEMENT. He will succeed Mr. Leslie Tolley as BIM chairman following the annual meeting on October 7.

"What the Experts Say"

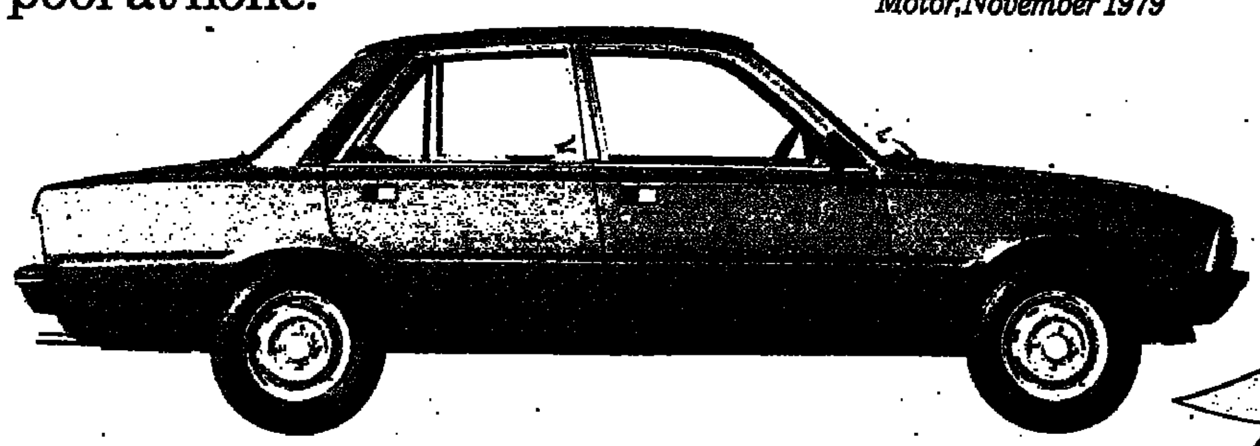
"Comfort in the 505 starts with the seats . . . and continues with the ride, which is simply, up to the very high Peugeot standard." *Observer, November 1979*



505 STI Interior

"With the 505, Peugeot have achieved their aim to produce a car that has the excellent ride, good noise suppression and comfort of a limousine, but that has the sporty appeal of cars from a marque such as BMW." *What Car?, November 1979*

"Quite simply, the 505 is an excellent motorcar . . . . . . good at most things, excellent at some, and poor at none." *Motor, November 1979*



505 GR

The newly introduced 505 range includes six luxury saloons. You have the choice of 2 litre carburettor, fuel injection or 2.3 litre diesel power, all available with luxury "S" trim.

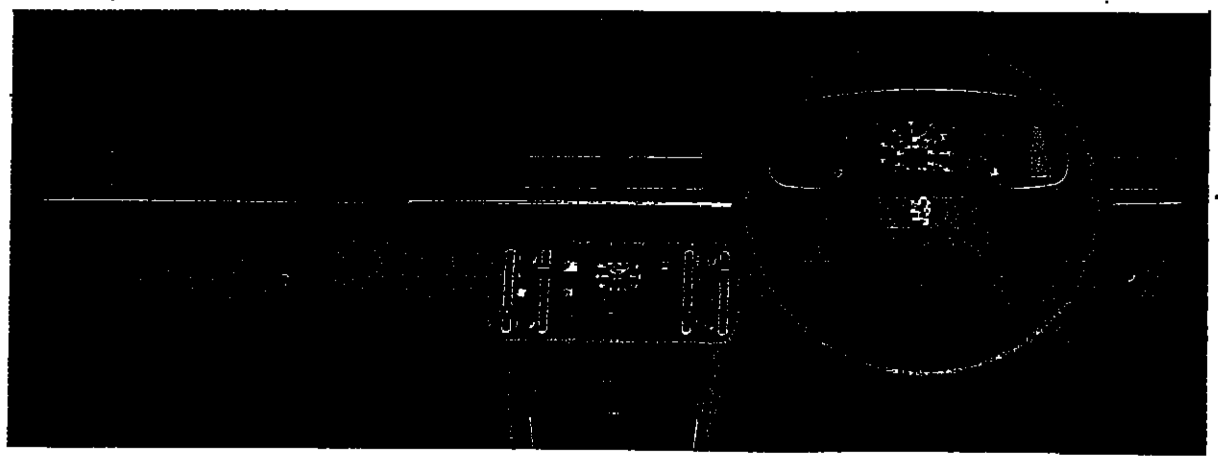
"The 505's main appeal is that it is a particularly well balanced all-rounder, notable for its quietness and comfort." *Daily Telegraph, November 1979*

"As always in a Peugeot, the ride quality is superb." *Financial Times, December 1979*

"It is, above all, a well-balanced car: quiet, well-sprung and pleasant to handle." *Sunday Telegraph, December 1979*

"Ride and handling of the 505 was impressive. Towcar of the Year 1980, the Peugeot 505 SR." *Caravan, December 1979*

"TI/STI with new Douvrin engine is the definitive 2.0 litre four-door saloon." *Car Magazine, December 1979*



505 GR Dashboard

Peugeot 505 TI wins German Golden Steering Wheel Award. This is the first time a non-German car has won this accolade, sponsored by the Springer Group, publisher of Europe's largest Sunday newspaper

Finance and leasing facilities available from Peugeot Finance.
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PEUGEOT
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Interest rate anxieties cause widespread weakness
Long Gilts down £1$\frac{3}{8}$—Equities slightly above worst

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21

* " New time " dealings may take place from 9 a.m. two business days earlier.

The unrelenting upward pressures on world interest rates—major U.S. Prime Rates rose to 17¼ per cent last evening—affected every sector on London stock markets yesterday. Government securities registered most concern with the situation and sustained falls extending to 1⅜ points, while an unexpected shake-out in the secondary oil market was an adverse influence on leading equity shares. South African Golds and Australian mining issues also suffered heavily.

Because of the high financing charges involved in carrying stock, Gilt-edged and leading equity dealers were loath to increase their commitments. In the absence of demand, bouts of selling thus went unresisted and this created unusually thin and sensitive trading conditions during which price falls were exaggerated.

Confirmation just before the official close that prime rates had broken through 17 per cent caused Gilt-edged stocks to retreat further and the longs closed only marginally off the day's lowest with losses ranging to 1⅜. The shorter end of the market experienced similar pressures and quotations here also ended near the session's worst with falls to ⅞ in places.

A more sustained bout of profit-taking in secondary oils was largely responsible for a nervous atmosphere among all speculative stocks and for easiness in leading shares. In order to counter pressing cost commitments in the Oil sector, book positions were reduced elsewhere and this led to pressures on many industrial sections.

It was also suggested that last weekend's batch of gloomy economic projections was discouraging investment from smaller investors, but leading shares edged away from the lowest levels in the late trade. Measured by the FT 30-share index, the tone was weakest around 3.00 pm when the index showed a fall of 8.5 but the late harder tendency left it a net 7.4 down at 456.1.

The outcome of the Zimbabwe-Rhodesia elections brought early indecision to Central African issues. Southern Rhodesian bonds were tentatively marked down but many recovered the accent being on stocks such as the 2½ per cent 1965-70 issue which rallied from £110 to close unaltered at £120. The 3 per cent 1971-73 also fell to £110 before settling only 2 points down at £116, but 6 per cent 1976-79 ended 5 points off at £135.

Fears of higher interest rates prompted an active Traded options business in **Land Securities** which contributed 271 contracts to a total of 570.

Quietly dull conditions prevailed in banks where the major clearers closed with fresh falls ranging to 8. **Bank of Scotland** fell that much to 270p and **Barclays** declined 6 to 432p, while **Midland**, 350p, and **Nat-West**, 345p, gave up 5 apiece. Elsewhere, Mr. Mugabe's election victory in Rhodesia unsettled **Standard Chartered**, which has considerable interests in the area, and the close was 12 down at 483p. **Grindlays**, 138p, were unmoved by the preliminary results. Among Hire Purchases, **UDT** reacted 3 to 53p, while **Provident Financial** closed unaltered at 94p following uninspiring annual figures.

Following Press comment on the results, **Royals**, at 335p, lost the previous day's rise of 7.

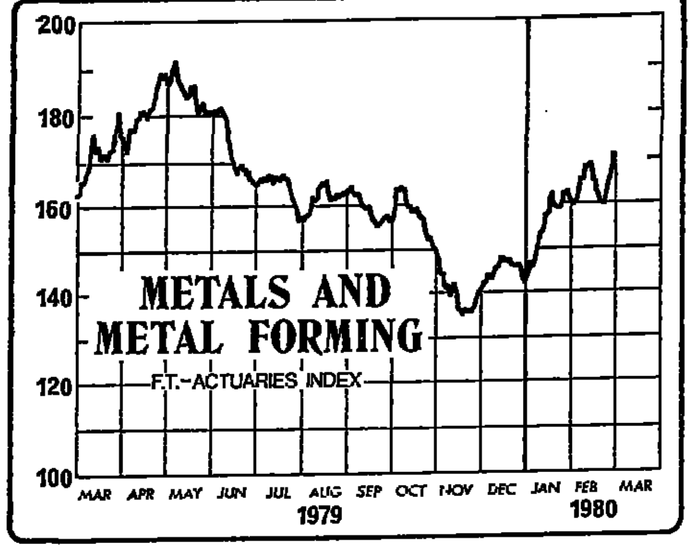
An attempted rally from easier opening positions in the drinks sector failed to gain momentum following the re-emergence of sellers and most closed at the day's lower levels. **Allied** fell a couple of pence to 73p, while losses of 4 were sustained by **Whitbread**, 139p, and **Bass**, 219p. **Vaux** lost 6 to 152p.

Building shares were not helped by growing fears of an increase in interest rates. **Tunnel** eased 4 to 192p and **Rugby** 3 to 70p in Cements. Elsewhere, *Costain, 152p, and Taylor* **Woodrow**, 369p, reacted 4 apiece, while **International Timber** were on offer at 119p, down 7. **Tarmac**, a recent favourite on the company's oil interests, lost 6 to 224p. **Ruberoid**, a firm market of late, shed 3 to 59p. Against the trend, **French Kier** hardened a penny to 33p following Press mention, while buying interest revived in **Hamilborne** which improved 4 to 66p.

Chemicals presented a generally dull appearance, with **ICI** drifting off to 388p before settling 6 down at 390p. Comment on the annual results prompted dullness in **Fisons** which reacted 9 to 283p. **Coalite** eased 4 to 104p and **Stewart Plastics** a similar amount to 74p, but **Catalin** responded to Press mention with a further improvement of 4 to 80p.

Cantors easier

Interest in secondary Stores waned considerably after the previous day's speculative flurry which followed the bid approach for **Maple**; the latter eased a penny to 30p, the price which an unnamed suitor is proposing to pay for the company's equity, while **Cantors "A"** met profit-taking and fell 13 to 50p. **Foster Bros.** dipped 4 to 94p as did **Martin the Newsagent**, to 192p, and **Dixons Photographic**, to 108p. Still reflecting the interim profits setback, **Bolton Textile** cheapened 2 further to 26p. Among the dull leaders, **Mothercare** fell 8 to 228p and **House of Fraser** gave up 3 to 138p. Against the easier trend in Shoes, **Strong and Fisher** improved 3 to 72p.



GEC, 6 off at 371p, and **Thorn**, 8 lower at 318p, lead the way down in the Electrical leaders where **Plessey**, awaiting tomorrow's third-quarter figures, drifted off 3 more to 145p. Among Secondary issues, **Kode**, preliminary results due today, encountered nervous offerings and weakened 14 to 226p. **Ward and Goldstone** were also noteworthy for a fall of 5 to 65p, but **Muirhead** moved against the trend on speculative buying and put on 8 to 196p.

Leading Engineers followed the general downward trend, but falls were usually modest. Occasional offerings left **Vickers** 4 cheaper at 133p and **Hawker** a similar amount lower at 176p, while **John Brown** gave up 1½ to 53p. **GKN**, however, finished a penny firmer at 263p, after 260p. Scattered selling was also evident in second-line issues. **Pegler-Hattersley** gave up 6 to 140p in a limited market. Against the trend, **Cocksedge** responded to Press mention with a rise of 10 to 55p. Other more modest improvements included **British Steam**, up 3 at 109p, and **Howard Machinery**, 2 higher at 19p.

Leading Foods closed easier for choice, displaying losses to 4. **Rowntree Mackintosh**, 154p, and **Associated Dairies**, 176p both shed that much, while **Tate and Lyle** fell 3 to 148p. **British Sugar**, on the other hand, picked up 3 for a two-day gain of 8 at 156p. **William Morrison** also added 3, to 150p, but **Kwik Save** shed a couple of pence to 92p and **Hillards** encountered profit-taking and closed 8 down to 156p.

Unilever disappoints

Already easier on higher interest rate fears, miscellaneous industrial leaders sagged further following publication of Unilever's disappointing preliminary results. The latter touched a low of 427p on the figures before closing 8 down on balance at 434p. The Rhodesia election result unsettled **Turner and Newall** which finished 5 down at 125p, after 123p, and **Stocklake**, also 5 off, at 77p. Despite late acquisition details, **Pilkington** fell 9 to 226p, while **Glaxo** declined 8 to 246p and **Reckitt and Colman** 6 to 204p. Secondary issues were featured by a fall of 28 to 450p, after 440p, in **Diploma Investments** following the chairman's cautious interim statement. **British Vita** declined 10 to 159p as the board's report of a bad start to the current year outweighed the good increase in last year's annual profits. A firm market of late following good third-quarter figures, **Johnson Matthey** relinquished 7 to 293p, while **Hays Wharf** ended a like amount lower at 168p. A depressed market of late, dealings in **British Cargo Airlines** were suspended at 30p prior to an announcement that a receiver is to be appointed. By way of contrast, **Channel Tunnel** rose 8 to 125p on news that a private consortium is challenging the British Rail/French Rail proposal for a £650m tunnel.

Small falls were the order of the day in Motor sectors. **Rolls-Royce**, preliminary results due Monday, shed a penny to 64p while, in Distributors, **British Car Auctions** fell 3 to 69p. **Western Motor**, 110p and **Charles Hurst**, 65p, lost 10 and 5 respectively in narrow markets and **Appleyard** eased 4 to 80p.

Newspapers lacked support. **International Thomson** fell 17 to 470p, while **Daily Mail A**, 491p and **Associated**, 296p lost 7 and 4 respectively. **Link House** on the other hand, rose to 178p on the interim results before settling a penny better on the day at 176p. Elsewhere, **Mills and Allen**, firm on Monday following the approach to London and Provincial Poster, touched a new 1979/80 peak of 315p before closing 4 down on balance at 306p. **Saatchi and Saatchi** gave up 7 to 168p.

Properties took a distinct turn for the worse yesterday when news of further U.S. interest rate rises gave rise to fresh fears of yet higher domestic rates. Double-figure falls were commonplace at the close with **Haslemere** 12 lower at 300p, **MEPC** 11 down at 201p and **Land Securities** *10 off at 298p.* **Hammerson A** fell 20 to 825p and **Warner Estates** 10 to 255p, while falls of around 8 were seen in **Stock Conversion**, 370p, **Bradford**, 170p, **Property Securities**, 175p, and **Samuel** 122p. **Aquis Securities** eased a penny to 32p after the lower preliminary profits.

Setback in oils

Oil shares sustained a fairly hefty setback. Widespread profit-taking left prices with substantial losses at the close, particulary in the recent North Sea high-fliers. **Siebens (UK)** weakened 54p to 864p and **Viking Oil** 40 to 950p, while **Cambridge Petroleum** dipped 33 to 285p. Falls of around 20 were recorded in **Clyde**, 325p, and **Lasmo**, 502p, while **Burmah**, bought recently on bid hopes, retreated 13 to 224p. Leading issues were also dull, but held up reasonably well in comparison. **British Petroleum** gave up 8 to 390p, while **Shell**, awaiting tomorrow's preliminary figures, reacted a similar amount to 398p.

Lonrho fell to 100p on the Rhodesian election result, but support at the lower levels left the shares only 4 down on balance at 104p. Elsewhere among Overseas Traders, **Mitchell Cotts**, interim results tomorrow, eased 1½ to 47½p, while **Steel Brothers** gave up 5 to 135p. Dealings were suspended in **J. E. Sanger** at 17p awaiting talks with an unnamed third party which could lead to a cash injection.

Reflecting the setback in equities, Trusts gave ground on a broad front. **Stanhope**, however, continued to move against the trend, rising 15 more to 215p on the recent bid approach.

Common Bros., a recent speculative favourite, stood out in dull Shippings with a fall of 10 to 305p.

In Textiles, **Lister**, firm of late on takeover hopes, fell 5 to 63p on profit-taking, while **Sirdar** eased 6 to 100p for a similar reason. **Nottingham Manufacturing** lost the turn to 89p.

Rhodesians easier

Rhodesian mining stocks fell back following Mr. Mugabe's success in the election and trading was considerably more active than of late. Some investors lightened their books in disappointment that a coalition involving the white minority looked increasingly unlikely. But Mr. Mugabe's statement ruling out nationalisation of the mines brought buyers back at the close.

The market maintained some *stability in the face of expected* high dividend payments from **Coronation Syndicate**, down 15 at 380p, **Falcon Mines**, down 50 at 620p, **Wankie Colliery**, down 6 at 54p and **MTD Mangula**, down 15 at 115p. **Rhodesian Corporation** were 6 lower at 34p.

The election result influenced other sections of generally depressed mining markets. It made buyers of South African Golds very cautious. Selling was light, but prices were marked down and the Gold Mines Index fell 8.5 to 366.9. Falls were thus frequent through the list with **East Rand Proprietary** 1 lower at £13¾, **St. Helena** ⅝ easier at £18⅛ and **Libanon** ½ down at £10¼.

Among Coppers, uncertainty about events in Salisbury coalesced with lower metal prices to cause falls. **ZCI** gave up 4 to 47p and **Roan Consolidated** softened 5 to 222p.

Investors stayed clear of South African Financials, leading to some marking down of prices in a subdued market. London Financials, by contrast, were more active as Mr. Mugabe's election victory depressed *already dull sentiment.*

Selling started slowly and came to a peak in the middle of the day before prices came off the bottom towards the close. Influenced by falls among domestic industrial stocks, **Rio Tinto-Zinc** finished 10 lower at 432p, after touching 428p. **Consolidated Gold Fields**, in front of today's interim figures, closed at 518p for a fall of 14, after 514p.

The domestic equity market also had its effect on Australians, where profit-taking was frequent after the easier tone in Sydney overnight. Declines were frequent through the list. Among the leaders, **Conzinc Riotinto** were 18 easier at 296p, **Western Mining** dropped 9 to 238p, **MIM** 12 to 270p and **Peko-Wallsend** 10 to 440p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 4	Mar. 3	Feb. 29	Feb. 28	Feb. 27	Feb. 26	A year ago
Government Secs.	63.96	64.80	64.95	65.34	65.31	65.58	71.15
Fixed Interest	64.80	65.26	65.96	66.07	66.09	66.43	71.67
Industrial	456.1	463.5	467.1	469.1	460.4	453.6	486.2
Gold Mines	366.9	375.4	377.9	372.0	351.0	347.7	159.0
Ord. Div. Yield	7.37	7.26	7.21	7.07	7.19	7.31	5.79
Earnings, Yld. % (full)	17.83	17.56	17.42	17.39	17.68	17.97	15.12
P/E Ratio (net) (*)	6.87	6.98	7.03	7.05	6.93	6.88	8.57
Total bargains	22,820	22,073	20,085	21,039	18,868	18,864	—
Equity turnover £m	—	88.99	114.63	121.13	154.65	96.40	97.33
Equity bargains total	—	15,973	16,307	16,477	16,089	14,010	21,542

10 am 460.5. 11 am 460.2. Noon 456.6. 1 pm 455.3. 2 pm 455.3. 3 pm 455.0.

Latest Index 01-246 8026.

*Nil=6.61.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 4	Mar. 3
—Daily		
Gilt Edged	157.8	165.9
Industrials	131.9	113.6
Speculative	88.1	47.8
Totals	100.4	87.1
5-d'y Av'rge		
Gilt Edged	130.5	121.0
Industrials	121.4	116.3
Speculative	55.5	52.2
Totals	87.9	83.4

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (19)

CANADIANS (1)
Imperial Oil
CHEMICALS (1)
Catalin
STORES (1)
Polly Peck
ENGINEERING (2)
British Steam — Elliott (B.)
INDUSTRIALS (2)
Aeronautical Genl. — Blundell-Permoglaze
PAPER (2)
Mills & Allen — Smith (David)
TRUSTS (4)
Bremar Trust — Kellock
Stanhope General — Do. Conv.
OIL & GAS (1)
Basic Res. Int. S.A.
MINES (5)
Durban Deep — Impala Platinum
Anglo-Vaal — Malay. Dredging
Union Corp.

NEW LOWS (36)

BRITISH FUNDS (17)
Exchqr. 14pc '84 — Treas. 8¼pc 1997
Fndg. 5½pc '87-91 — Exchqr. 12¼pc 1999
Treas. 10pc 1992 — Treas. 11½pc '01-04
Exchqr. 12¼pc '92 — Treas. 12½pc '03-05
Treas. 14½pc '94 — A (£70 paid)
Exchqr. 12½pc '94 — Treas. 8pc 2002-06
Treas. 14pc 1996 (£20 paid) — Conversion 3½pc '61 Aft.
Treas. 9pc '92-96 — Treas. 3pc 1966 Aft.
Exchqr. 10½pc 1997 — Treasury 2½pc
LOANS (1)
U.S M.C. 9pc 1982
CANADIANS (1)
Bank of Montreal
STORES (2)
House of Lerose — Readicut
ENGINEERING (2)
Eva Industries — Firth (G. M.)
INDUSTRIALS (5)
Black Arrow — Talbex
Jentique — Unilever
Oce Finance Cnv.
INSURANCE (1)
Enna UK 9pc Cnv.
LEISURE (2)
Black & Edgington — Tetters
PAPER (2)
Olives Paper Mill — Oxley Printing
PROPERTY (1)
McInerney
TRUSTS (2)
Crescent Japan — Jardine Japan

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	—	—	68	5	80	5	392p
BP	400	18	28	—	—	—	—	"
BP	420	—	—	38	—	52	1	"
Com. Union	140	6	2	11	—	16	—	138p
Cons. Gold	460	66	2	94	—	118	—	517p
Cons. Gold	500	36	1	66	—	88	—	"
Cons. Gold	560	16	45	42	—	60	—	"
Courtaulds	80	3	5	4½	—	7	—	70p
GEC	390	13	—	31	5	46	—	375p
Grand Met.	140	3½	20	9½	—	15	—	132p
ICI	360	32	11	56	—	67	—	390p
ICI	420	7	5	22	—	34	—	"
Land Secs.	300	17	100	28	—	42	—	299p
Land Secs.	330	5½	171	16	—	—	—	"
Marks & Sp.	80	16	2	19	—	23	—	95p
Marks & Sp.	100	3½	20	7	—	12	—	"
Shell	330	76	1	94	2	—	—	405p
Shell	360	46	8	70	—	82	—	"
Shell	390	27	31	46	—	60	—	"
Shell	420	14	37	29	—	39	—	"
Totals			487		12		6	
		May		**August**		**November**		
Imperial Gp.	80	3½	5	5½	—	8	—	76p
Racal Elec.	200	34	4	43	—	52	—	223p
Racal Elec.	220	20	2	30	—	41	—	"
Racal Elec.	240	10	3	19	10	—	—	"
RTZ	360	91	20	111	—	—	—	431p
RTZ	420	45	7	73	—	85	—	"
RTZ	460	26	12	50	—	58	—	"
RTZ	500	14	2	33	—	—	—	"
Total			55		10		—	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	87	3
Corpns. Dom. and Foreign Bonds	—	37	29
Industrials	94	510	794
Financial and Prop.	27	366	102
Oils	4	32	7
Plantations	1	13	14
Mines	19	91	40
Others	49	51	63
Totals	194	1,187	1,062

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Lonrho	25p	12	104	−4	110	62
Meyer (Mont. L.)	25p	11	113	−1	120	71
Unilever	25p	11	434	−8	680	427
Premier Cons.	5p	10	69	−6	87	15½
Allied Breweries	25p	9	73	−2	102	73
BP	25p	9	390	−8	414	220½
BAT Inds.	25p	8	238	−7	362	230
Burmah Oil	£1	8	224	−13	249	82
Charterhall	5p	8	68	−3½	86	22½
ICI	£1	8	390	−6	415	314
Shell Transport	25p	8	398	−8	406	278
Cons. Gold Fields	25p	7	518	−14	617	178
GEC	25p	7	371	−6	456	311
Metal Box	£1	7	254	—	358	220
RTZ	25p	7	432	−10	492	226

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21

For rate indications see end of Share Information Service

Calls were made in Attock Petroleum, Britannia Arrow, Hestair, Needlers, Debenhams, UDT, Magnet Metals, Siebens (UK), John Brown, Charterhall, C. T. Bowring, Turner and Newall, Bougainville, Lonrho, Pacific Copper, Wit. Nigel, Queens Moat Houses, Burmah, BSR, Tesco, Valor, Duple, Fobel International, French Kier and Coral Leisure. A put was done in Harmony, while doubles were arranged in UDT, British Land, Magnet Metals, Tricentrol, Woodside and LRC.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Mar. 4, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Mar. 3 Index No.	Fri., Feb. 29 Index No.	Thurs., Feb. 28 Index No.	Wed., Feb. 27 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	244.01	−1.4	17.98	6.43	7.01	247.47	248.75	247.78	244.84	242.87
2 Building Materials (27)	238.71	−1.6	16.63	6.57	7.68	242.68	242.90	243.26	239.61	216.03
3 Contracting, Construction (29)	372.66	−1.8	25.44	6.55	4.88	377.28	374.57	369.42	359.52	[illegible]
4 Electricals (15)	623.05	−1.7	12.95	3.98	10.29	633.91	637.27	632.87	632.35	587.42
5 Engineering Contractors (11)	293.18	−1.6	25.26	8.73	5.04	297.96	298.58	294.92	293.63	371.87
6 Mechanical Engineering (74)	167.13	−1.3	20.55	7.81	6.04	169.27	170.81	171.38	167.96	185.15
8 Metals and Metal Forming (16)	168.98	−0.8	20.60	9.16	5.77	170.43	171.28	168.62	165.30	164.92
CONSUMER GOODS										
11 (DURABLE) (50)	222.93	−1.5	16.00	5.49	7.69	226.35	225.32	225.66	223.19	220.94
12 Lt. Electronics, Radio, TV (15)	316.93	−1.6	12.14	4.46	10.57	322.21	322.08	320.19	316.51	292.81
13 Household Goods (14)	110.05	−1.0	27.71	9.97	4.31	111.21	112.31	112.24	110.90	159.21
14 Motors and Distributors (21)	110.70	−1.2	24.08	8.42	4.88	112.10	111.93	112.46	111.43	119.35
CONSUMER GOODS										
21 (NON-DURABLE) (173)	221.11	−1.4	18.31	6.90	6.73	224.22	225.11	225.12	222.54	225.49
22 Breweries (14)	264.66	−2.0	16.70	6.63	7.03	270.16	272.87	271.76	268.43	238.84
23 Wines and Spirits (5)	301.34	−0.8	18.01	6.15	6.85	303.71	304.69	304.29	296.73	319.41
24 Entertainment, Catering (17)	302.90	−1.9	18.29	6.83	6.83	308.64	308.27	307.55	301.81	301.18
25 Food Manufacturing (19)	197.59	−0.9	20.65	7.37	5.98	199.41	201.30	202.10	200.57	211.27
26 Food Retailing (15)	303.23	−1.1	13.69	4.95	8.72	306.69	304.96	309.43	306.58	258.01
32 Newspapers, Publishing (13)	435.87	−1.4	23.15	6.89	5.89	441.92	444.11	444.77	441.73	481.43
33 Packaging and Paper (15)	130.40	−1.1	22.84	8.73	5.63	131.83	133.24	132.69	131.29	149.51
34 Stores (43)	224.11	−1.2	13.73	5.08	9.42	226.87	227.12	226.56	223.55	211.31
35 Textiles (24)	129.93	−0.8	27.89	11.81	4.53	130.98	132.24	131.96	130.58	178.11
36 Tobacco (3)	201.89	−2.5	28.84	11.65	3.93	207.13	207.25	207.81	207.59	263.18
37 Toys and Games (5)	35.73	−4.2	42.09	14.20	2.92	37.30	37.70	36.55	38.84	49.23
41 OTHER GROUPS (97)	208.97	−1.7	15.21	6.89	7.96	212.69	213.21	212.89	209.82	207.10
42 Chemicals (17)	307.12	−1.7	15.96	7.71	7.25	312.38	313.74	315.59	309.20	297.78
43 Pharmaceutical Products (7)	252.51	−1.6	13.98	6.02	10.18	256.62	256.62	255.25	251.74	254.27
44 Office Equipment (6)	120.44	−1.8	17.56	6.78	6.62	122.65	123.86	122.34	120.31	135.59
45 Shipping (10)	481.56	−1.6	19.99	6.71	11.61	489.47	490.24	487.76	481.91	413.57
46 Miscellaneous (57)	250.02	−1.9	16.39	6.57	7.73	254.85	255.80	249.75	247.78	224.04
49 INDUSTRIAL GROUP (492)	231.24	−1.5	17.50	6.67	7.14	234.73	235.58	235.37	232.33	232.21
51 Oils (8)	817.36	−2.1	13.75	5.85	7.86	834.75	830.82	821.81	823.84	585.00
59 500 SHARE INDEX	277.39	−1.6	16.51	6.49	7.29	281.96	282.45	281.43	278.90	261.12
61 FINANCIAL GROUP (117)	195.93	−1.7	—	5.84	—	199.37	200.28	200.17	198.27	187.22
62 Banks (6)	220.79	−2.4	39.40	6.44	3.12	226.20	228.62	228.69	224.88	226.20
63 Discount Houses (10)	216.34	+0.2	—	9.23	—	215.98	215.86	215.44	226.02	254.93
64 Hire Purchase (5)	185.16	−1.7	17.74	5.14	7.32	188.41	188.61	189.10	185.49	173.59
65 Insurance (Life) (10)	173.78	−0.9	—	6.05	—	175.42	176.26	177.53	174.62	138.56
66 Insurance (Composite) (9)	125.40	−1.6	—	7.77	—	127.44	128.61	129.08	126.28	118.80
67 Insurance Brokers (10)	283.19	−1.4	17.41	6.92	8.25	287.11	291.84	292.75	290.61	316.72
68 Merchant Banks (14)	104.99	−0.4	—	5.76	—	105.44	105.71	104.74	104.38	84.20
69 Property (44)	368.87	−3.1	3.63	2.99	39.46	380.83	379.40	373.64	367.90	323.21
70 Miscellaneous (9)	130.52	−1.7	15.92	6.96	8.25	132.76	132.73	131.82	131.69	118.39
71 Investment Trusts (109)	222.47	−1.8	—	5.82	—	226.60	227.63	226.22	224.47	217.36
81 Mining Finance (4)	214.18	−2.2	10.76	4.13	11.28	218.95	219.65	219.45	217.13	122.32
91 Overseas Traders (20)	413.99	−1.9	12.24	6.50	10.00	421.99	418.95	417.66	414.82	344.72
99 ALL-SHARE INDEX (750)	258.82	−1.7	—	6.27	—	263.29	263.81	262.98	260.62	240.15

FIXED INTEREST PRICE INDICES

British Government	Tues., Mar. 4	Day's change %	xd adj. today	xd adj. 1980 to date
1 Under 5 years	99.32	−0.54	—	2.30
2 5-15 years	101.88	−1.19	—	2.09
3 Over 15 years	105.98	−1.25	—	2.11
4 Irredeemables	120.19	−2.50	—	1.78
5 All stocks	102.19	−0.99	—	2.13

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.		Tues., Mar. 4	Mon., Mar. 3	Year ago (approx.)
1 Low	5 years	13.32	13.12	9.74
2 Coupons	15 years	13.32	12.94	10.91
3	25 years	13.12	12.94	11.66
4 Medium	5 years	15.29	15.10	11.71
5 Coupons	15 years	14.71	14.52	12.22
6	25 years	14.50	14.29	12.34
7 High	5 years	15.44	15.18	12.07
8 Coupons	15 years	15.06	14.85	12.71
9	25 years	14.92	14.72	12.83
10 Irredeemables		12.26	11.95	11.04

	Tues., March 4 Index No.	Yield %	Mon. March 3	Fri. Feb. 29	Thurs. Feb. 28	Wed. Feb. 27	Tues. Feb. 26	Mon. Feb. 25	Fri. Feb. 22	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	50.26	14.71	50.29	50.32	50.83	50.84	50.85	50.77	51.01	53.86
16 Investment Trust Prefs. (15)	47.55	13.94	48.15	48.15	47.89	47.89	48.09	48.09	48.22	49.89
17 Coml. and Indl. Prefs. (20)	61.41	14.57	61.53	61.44	61.50	61.53	61.66	61.68	61.58	69.80

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+or −	Div.	Times Covered	Gross Yield	P/E Ratio
50	F.P.	—	140	115	Berkley Exploration	120	−5	[illegible]	[illegible]	[illegible]	[illegible]
£1	F.P.	21/3	108	100	Child Health Res'ch	101	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	7/3	108	98	Emess Lighting	98	[illegible]	b6.0	3.0	7.9	[illegible]
[illegible]	F.P.	28/2	11	10	Keep Inv. Trust 5p	11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Lon. Merc. Secs. Deft	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	38	32	Roche Plant 10p	[illegible]	[illegible]	1.26	2.7	5.3	7.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aurora 3.85% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cliffords Dairies Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Felixstowe Dock 9½% Cum Red Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Globe Inv Tst 11½% Conv Uns Ln 90-95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hewitt (J.) 10% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water 9% Red Pref 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rk'm'nw'h & Uxbridge Wtr. 9% Rd Pf 1985	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AGB Research	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Montreal	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Elson & Robbins	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Edwards (Louis C.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hammerson Prop. A	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paringa	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Premier Cons. Oilfields	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rand London Coal Units	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey.
Lloyds Tst. O'seas [illegible]
Lloyds Trust Gilt [illegible]

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneva 11 (Switzerland)
Lloyds Int. Growth [illegible]
Lloyds Int. Income [illegible]

M & G Group [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Negit S.A. [illegible]

Negit Ltd. [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capitol Life Ass. (C.I.) [illegible]

Quest Fund Mngmnt. (Jersey) Ltd. [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Management (C.I.) [illegible]

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. [illegible] US$9.63 9.84 ... | —
Prices on Feb. 25. Next dealing March 5.

Royal Trust (C.I.) Fd. Mgt. Ltd. [illegible]

Save & Prosper International [illegible]

Schlesinger International Mngt. Ltd. [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd. [illegible]

Singer & Friedlander Ldn. Agents [illegible]

Standard Chartered Intl. Bd. Fd. [illegible]

Stronghold Management Limited [illegible]

Surinvest (Jersey) Ltd. [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund [illegible] 89.0 92.0 −1.0 13.00
TSB Gilt Fd. (Jsy.) [illegible] 89.0 92.0 −1.0 13.00
Prices on March 5. Next sub. day March 12.

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Unilife Assurance (Overseas) Ltd. [illegible]

Union-Investment-Gesellschaft mbH [illegible]

Utd. Intnl. Mngmnt (C.I.) Ltd. [illegible]

Van Cutsem & Associates Ltd. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

Wardley Investment Services Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Trust [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.4	52.3	+0.3	1.91
Abbey Capital	36.5	39.4	-0.6	5.60
Abbey General	47.6	50.9	-0.6	5.81
Abbey Gilt & F.I. Tst.	98.2	104.5	-0.6	4.78
Abbey Income	42.7	46.2	+0.5	8.35
Abbey Ind. Bd. Tst.	92.3	96.6	+1.2	5.69
Abbey Inv. Tst. Fnd.	38.2	41.3	-0.2	5.75
Equitas Prog. Trust	71.6	76.2	-1.0	5.70

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.6	94.4d	.....	13.35

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	76.6	82.0d	-0.9	5.85
Brit. Inds. Fund	70.2	75.1	-0.7	5.99
Growth & Income	42.0	44.9	-0.5	5.61
Elect. & Ind. Dev.	38.7	41.4	-0.5	5.70
Allied Capital	78.9	84.4	-0.9	5.21
Hambro Fund	119.8	128.2	-1.5	5.73
Hambro Acc. Fund	146.3	156.5	-1.6	5.30

Income Funds

High Yield Fd.	69.3	74.2d	-0.6	9.97
High Income	70.2	75.1d	-0.8	7.86
A. H. Eq. Inc.	41.6	44.5d	-0.4	7.34

International Funds

International	28.9	30.9d	-0.1	3.50

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Feb. 22	213.0	227.2	.....	5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.7	19.6d	.....	7.07
Gt. Winchester O'seas	20.8	23.1d	.....	4.78

Emson & Dudley Tst. Mngmt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	76.4	82.2	.....	6.00

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	76.5	80.5	-1.1	4.98

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.9	28.4	.....	1.00
Fixed Interest	25.1	26.5	-0.1	12.10
Growth + Income	29.3	30.9	-0.4	7.80
Special Sits.	30.2	31.8	-0.4	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	28.4	30.5	.....	2.22
Accum. Units	34.5	37.1	.....	2.22
J. Finlay High Income	33.9	36.4	.....	9.34
J. Finlay Euro. Fin.	22.4	24.1	.....	3.57
Accum. Units	27.7	29.7	.....	3.57
J. Finlay Fd. In. Tst.	32.1	34.5	.....	5.34
Accum. Units	38.7	41.7	.....	5.34

Prices on February 27. Next dealing March 5.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	52.4	55.8	.....	1.30
American Turnaround	52.8	56.0	.....	2.00
Capital Tst.	53.4	56.8d	-0.4	4.78
(Accum. Units)	54.2	57.6	-0.4	4.78
Extra Income Trust	48.8	51.8	-0.6	10.20
Income Tst.	38.2	40.6	-0.4	8.20
Int. Growth Fd.	44.8	47.6	.....	2.11
(Accum. Units)	47.4	50.4	.....	2.11

Friends' Provdt. Unit Tr. Mgrs.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

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Undated

INTERNATIONAL BANK

CORPORATION LOANS

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LOANS

Public Board and Ind.

Financial

1979-80 High	Low	Stock	Price £	+ or −	Int.	Red.
103¼	96	FFI 13pc 1981	96¾	......	13.44	16.92
108¾	93½	Do. 14pc '83	94½	......	14.76	15.31
86½	77½	ICFC 5½pc Deb. '80-82	79½xd	−½	6.90	15.46
85	69	Do. 6¼pcDb. '81-84	73	......	8.81	15.00
99	79½	Do. 10½pc Uns.Ln. '86	84	−½	12.77	15.20
99	77	Do. 11pc Uns.Ln. '88	83½	......	13.36	14.60
101½	80	Do. 11¾pc Uns.Ln. '90	85	−½	14.16	15.10
72½	54½	Do. 7¼pcADeb. '89-92	57½	−1	13.11	15.30
69	51½	Do. 7¼pcA Db. '91-94	54½xd	−½	13.50	15.00
72	64	Do. 9pc'A' '91-94	64½xd	−½	13.95	15.10
78½	61	Do. 8¾pcLn. '92-97	62xd	−½	14.31	15.00
102	85	Do. 12½pc. Uns. Ln. 1992	85xd	−1	14.70	15.25

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
575	250	Cater Ryder £1.	278	−2	18.88	—	9.7	—
110	50	Clive Dis'nt 20p	52	+1	5.33	—	14.6	—
224	121	Com'l Aus. ($A1)	147	+1	†Q18c	3.0	6.4	5.2
*935	862	Com'zbk DM 10	890	+10	Q26.69%	—	7.8	—
£151½	900	C'hgn.Hbk.Kr100	975	......	Q13%	—	13.6	—
41	20	Corinthian 10p	33	−1	†1.05	5.9	4.5	3.8
£24¾	£15	Cred. France F75	£17	......	Q12.5%	—	6.1	—
13	5	Dawes (G. R.)	12	......	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£63½	......	Q28.12%	—	5.8	—
90	55	F. C. Finance	60	......	2.2	4.9	5.2	5.5
17	5¼	First Nat. 10p	15¼	−½	—	—	—	0.9
4	1½	Do. Wrrts. 75-83	2¼	+¼	—	—	—	—
266	178	Gerrard Natnl	212	−2	†9.12	—	6.1	—
83	38	Gibbs (A.)	78	......	2.2	—	4.0	—

BANKS & HP—Continued

Hire Purchase, etc.

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY.
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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INDUSTRIALS—Continued

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
78	48	Hay (Norman) 10p	54	......	3.7	1.8	9.8	8.2
*176	98	Hay's Wharf £1	148	–7	F7.21	3.1	6.3	(6.6)
65	27	Heather 'A' 10p	60	......	2.5	3.5	6.0	6.9
132	72½	Hepworth Cmc.	105	–1	t4.9	3.6	6.7	7.2
76	25	Hestair	27	–2	t2.5	—	†	—
50	18	Hewitt (J.) 5p	49	......	1.28	6.3	3.7	5.4
72	40	Highgate & Job 50p	42	......	—	—	—	—
100	58	Hill (Chas.) £1	62	......	d2.0	—	4.6	—
*49½	28	Hirst Mal'son 20p	28xd	......	2.6	φ	13.3	φ
90	74	Holden (A.)	75	......	†4.0	3.4	7.6	5.2
75	43	Hollis Bros	47	......	†5.12	1.8	15.6	4.5
256	148	Holt Lloyd Int. 10p	244	–1	H9.0	2.3	5.3	13.4
222	107	Hoover 'A'	135	......	12.0	φ	13.3	φ
163	93	Hoskins & H 20p	95	+2	10.39	1.4	15.6	5.9
83	23½	Howard Tenens	63#	......	†41.9	—	3.4	—
375	142	Hunting Assoc.	375	......	22.5	11.4	1.0	10.6
90	48	Huntleigh 10p	88	–2	†0.76	6.5	1.2	14.0
90½	40	Hutch Whamp SHK3	78	–1	Q23c	2.5	2.8	14.5
33	22	Hyman (I. & J.) 5p	22	......	†d0.96	3.6	6.2	6.4
£20¾	£10⅛	I.C. Industries$1	£20½	......	Q$1.84	—	7.9	—
143	99½	ICL	136	–6	h2.97	6.9	3.1	5.0
34	25	Ingall Inds. 10p	28	......	2.06	1.7	10.5	8.1
146	88½	Initial Services	151	–1	†5.5	2.5	6.6	7.7
31	10	Inter-City 20p	14½	–1½	1.17	4.0	11.5	2.5
68	45½	J. B. Holdings 10p	56	......	†1.47	7.2	3.6	5.7
175	72	Jacksons Bourne	133	–2	†63.0	3.3	3.2	12.6
19	14½	James (M.) Ind. 20p	16	......	20.75	3.5	6.7	9.6

INSURANCE—Continued

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EASTERN RAND

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CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
430	97	Coronation	380	–15	Q54c	2.2	8.1
680	132	Falcon Rh.50c	620	–50	Q100c	1.7	11.1
48	11	Rhod'n Corp. 16⅔p	34	–6	0.56	6.5	2.4
267	70	Roan Cons. K4	222xd	–5	†Q0.12	φ	3.4
67	26	Wankie Col. Rh.1	54	–6	Q9c	1.5	11.5
57	9	Zam.Cpr.SBD0.24	47	–4	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
24	4	ACM 20c	18	–2	—	—	—
115	50	Bond Corp.	104	......	Q3.75	2.2	1.8
234	100	Bougainville 50 Toea	210	–8	sQ39½c	φ	9.8
265	84	BH South 50c	225	......	←	—	—
25	11½	Canada Northwest	20	–2	—	—	—
54	8	Carr Boyd 20c	32	–5	—	—	—
£26	340	Central Pacific	£23½	–½	—	—	—
356	170	Conzinc Riotinto 50c.	296	–18	Q15c	φ	2.6
39	14	Cultus Pacific N.L.	33	–6	—	—	—
*50	2½	Eagle Corp. 10c	40	......	—	—	—
26¼	11	Endeavour 20c	22½	–1	—	—	—
258	62	G. M. Kalgoorlie 25c	236	–1	†Q3c	—	0.7
340	148	Hampton Areas 5p.	325	–5	3.5	2.8	1.5
75	20	Haoma Gold N.L.	40	–5	—	—	—
72	25	Metals Ex. 50c	62	–3	—	—	—
314	134	M.I.M. Hldgs. 50c	270	–12	††Q16.1c	1.8	3.0
35	15	Minefields Expl.	34	......	—	—	—
155	30	Mount Lyell 25c	120	–4	—	—	—
44	13	Newmetal 20c	18	......	—	—	—
210	91	††North B. Hill 50c.	180	–6	Q12c	1.4	3.4
80	7½	Nth. Kalgurli	62	–6	—	—	—
165	45	Nth. Mining Corp.	134	+2	—	—	—
71	18	N. West Mining N.L.	37	–3	—	—	—
235	76	Oakbridge SA1	196	......	Q12c	4.7	3.2
122	22	Otter N. L.	110	+2	—	—	—
246	58	Pacific Copper	236	–10	—	—	—
*575	125	Pancont'l 25c	385	–15	—	—	—
*78	2	Paringa M&Ex.5p	70	–2	—	—	—
495	248½	Peko-Wallsend 50c	440	–10	tQ17.5c	φ	2.0
230	125	Seltrust A	204	–12	—	—	—
£10½	145	Southern Pacific	863	–37	—	—	—
*75	8½	Swan Resources 20c.	78	......	—	—	—
16	12	West Coast 25c	13	......	—	—	—
268	121	Westn. Mining 50c.	238	–9	†Q7c	1.6	1.6

TINS

COPPER

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
235	56	Messina R0.50	218	–17	Q10c	φ	2.6

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	146	–12	—	—	—
97	54	Barymin	94	......	—	—	—
14½	10	Burma Mines 17½p	14	......	—	—	—
502	170	Cons. Murch. 10c.	475	–15	Q100c	φ	12.0
585	280	Northgate C$1	480	–10	—	—	—
492	226	R.T.Z.	432	–10	†11.5	3.4	3.8
31	12	Robert Mines	29	+3	—	—	—
65	26	Sabina Inds. C$1	49	–1	—	—	—
880	470	Tara Exptn. $1	630	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends, or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Debenhams	8	Nat. West. Bank	32	Brit. Petroleum	38
Distillers	21	P & O Dfd.	9	Burmah Oil	20
Dunlop	5½	Plessey	16	Charterhall	12
Eagle Star	14	Racal Elect.	20	KCA	11
F.N.F.C.	2½	R.H.M.	4½	Premier	12
Gen. Accident	21	Rank Org.	18	Shell	35
Gen. Electric	30	Reed Intnl.	17	Tricentrol	35
Glaxo	40	Sears	5½	Ultramar	50
Grand Met.	12	Tesco	7	Mines	
G.U.S. 'A'	30	Thorn	25	Charter Cons.	18
Guardian	23	Trust Houses	14	Cons. Gold	52
G.K.N.	22	Tube Invest.	27	Lonrho	12
Hawker Sidd	16	Unilever	40	Rio T. Zinc	35
House of Fraser	12	U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

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FINANCIAL TIMES
Wednesday March 5 1980

Cautious welcome for Mugabe victory

BY RICHARD EVANS, LOBBY EDITOR

THE RHODESIA election result was given a cautious welcome by most Ministers and Conservative MPs yesterday — although there was no disguising the party's nervousness at the prospect of an independent Zimbabwe under Mr. Robert Mugabe.

Both the Prime Minister and Lord Carrington, the Foreign Secretary, were notably unwilling to congratulate Mr. Mugabe personally on his sweeping victory. The Government's tactic was to postpone a verdict until a judgment could be made on his administration.

Lord Carrington told the Lords congratulations were due only "when we see that the outcome has been a free and fair multi-racial society operating in peaceful conditions. . . . I do not think success has been achieved until we see what happens in the new Zimbabwe," he said.

But the dominant reaction at Westminster was one of intense relief that there had been such a decisive outcome to elections accepted as fair.

Some Right-wing MPs led by Mr. Julian Amery, MP for Brighton Pavilion and former Commonwealth Minister, were predictably appalled by Mr. Mugabe's landslide victory, but they gained little support for their condemnation of the Government's strategy.

Lord Carrington and Sir Ian Gilmour, his deputy, were praised for their achievement—considered virtually impossible last summer—in bringing Britain's 14-year political burden in Rhodesia near to an end.

Mrs. Thatcher, on the evidence, has little to fear from her party in Parliament over the outcome of the elections. There may well be a more hostile and critical reaction in the constituencies. There, it could be seen as a betrayal of white Rhodesians and of Bishop Abel Muzorewa's ill-fated regime.

Mr. Mugabe would clearly not have been the Government's first choice as Prime Minister. A broadly-based coalition would have had greater appeal for Conservative MPs.

But the clear-cut nature of Mr. Mugabe's victory has allowed the Government to escape from what could have been a fraught involvement. Lord Soames, the governor, had no option but to ask Mr. Mugabe to head a government, whereas in other circumstances his involvement in the formation of a coalition would have laid Ministers open to charges of political interference.

Following the conciliatory speech by Mr. Mugabe after his victory Ministers are more anxious than ever to develop close links. Lord Carrington said he had already written to Rhodesia's neighbours asking for help in solving the future Zimbabwe's problems.

There is no firm timescale for the setting up of the independent Zimbabwe, the appointment of the High Commissioner, and the return to London of Lord Soames. The assumption is that these will take only a few weeks.

Ministers will be keeping a close watch on the new administration's attitude to land distribution, which could result in an exodus of white Rhodesians. The Foreign Office estimated yesterday that about 150,000 whites were entitled to settle in Britain, about 80,000 British born and the others born to British parents.

Dr. David Owen, former Labour Foreign Secretary, congratulated both the Government and Mr. Mugabe on the result. Many Labour back-benchers were ecstatic about the success of the nationalist leader. They saw it as a vindication of the Callaghan government's decision not to recognise the Muzorewa regime as fully representative.

Mr. Amery said the results showed the Government's Rhodesian policy was in ruins. "It is the end of a very sad chapter and a great opportunity that could have been taken but which was thrown away."

Bank may pay interest on current accounts

By Michael Lafferty

ONE OF the major clearing banks is considering paying interest on current account bank deposits, partly as a response to criticism about much-increased bank profits.

Both Lloyds and National Westminster, the two major clearers which have recently reported results, have admitted that 90 and 70 per cent increases in their respective UK profits arose largely from the benefit of having substantial free current account deposits. At NatWest these balances account for 45 per cent of all deposits.

The clearer which has been considering the payment of interest on these balances says its prime motivation is a desire to increase its market penetration. At present the majority of clearing bank customers are monthly salary earners, leaving about half the UK adult population without a clearing bank account.

One suggestion being considered is that customers would be given the option of deciding whether they wanted to receive interest on current account deposits. Other customers might wish to have their bank charges reduced or eliminated, or to avoid having details of their banking intrest reported to the Inland Revenue.

An embarrassment of riches, Page 16

Saudis oppose U.S. oil stockpiling

BY PATRICK COCKBURN

SAUDI ARABIA is not willing to sell oil to increase the U.S. stockpile, Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, was quoted as saying yesterday.

"The Government's policy is to meet real consumer demand in the world and not for the purpose of building reserves," he told the official Saudi Press Agency.

At the same time, it now looks probable that Saudi Arabia will allow production to continue at its present level in the second quarter of 1980. The usually well-informed newspaper Al Sharq al Awsat, published in London, reported yesterday that a decision had been taken to maintain the maximum allowable output at 9.5m barrels a day rather than decrease it to 8.5m barrels.

Sheikh Yamani's comments were reported at the end of a three day visit to Riyadh by Mr. Charles Duncan, U.S. Secretary for Energy.

One purpose of the visit was reported to be to persuade the Saudis to help build up the U.S. strategic oil stockpile without adding to pressure on world oil markets. U.S. purchases to increase reserves were suspended during the Iranian revolution early last year when only 92m barrels had accumulated in the Texas and Louisiana salt domes.

Saudi intentions about their future oil production levels were still unclear. Both Saudi and U.S. officials emphasise that the recent discussions were of a very general nature.

Sheikh Yamani said that the U.S. Energy Secretary had made no specific request for Saudi oil for stockpiling, an idea to which the Saudi Minister has been hostile in the past. He also denied that Mr. Duncan had directly asked for oil production to be maintained at 9.5m barrels a day.

Al Sharq al Awsat said yesterday that maintenance of 9.5m b/d was not meant to serve the interests of any one party, but would help stabilise the world economic structure. Saudi Arabia probably feels that, if it were now to reduce output to 8.5m barrels a day, its ability to bargain with other OPEC members on a new oil pricing system would be undermined.

Mobil, meanwhile, has announced final agreement with Petromin—the Saudi State oil corporation, on the construction of a refinery at Yanbo, on the west coast of the kingdom with a 250,000 b/d capacity.

Agreement on terms for the 50:50 joint venture implies that the volumes of "incentive" crude to be made available by Saudi Arabia to its partners in industrial ventures has now been fixed.

Plan for £1.1bn gas pipeline

BY RAY DAFTER, ENERGY EDITOR

CONSTRUCTION OF a "no-frills" gas pipeline network for the North Sea, costing between £1.1bn and £1.5bn will be proposed in a report being submitted to the Government within the next few weeks.

The Energy Department is almost certain to sanction the project to enable natural gas to be collected from some 12 new fields starting in 1985.

Ministers hope to receive the report from a British Gas Corporation and Mobil joint study team before the Easter Parliamentary recess. But the basic findings were presented to the Energy Department on Monday.

● Building a simple gas pipeline network, about 400 miles long, linked to a new gas processing terminal at St. Fergus, near Peterhead, Scotland. The pipeline, probably of 36 in diameter for the main trunk section, would carry "wet gas"—a mixture of methane, ethane, propane, and butane. Such a network would save oil companies installing gas separation plants on their offshore platforms.

● All the gas would be separated on shore, methane going into the British Gas Corporation's network and the other gas liquids being used by the chemical industry, probably at a new petrochemicals site in Cromarty Firth.

● The simple system would keep costs down to 3p-4p a therm for the pipelining of gas and 1p-2p a therm for onshore facilities.

● A pipeline, ranging from the Magnus Field in the North to British National Oil Corporation's oil and gas find in block 30/17b in the South, could carry about 1bn cu ft of gas a day—equivalent to about 16.5 per cent of British Gas methane sales over the coming years, it is estimated.

● Reserves that could be tapped in the UK sector by such a line are put at about 12 trillion (million million) cu ft—some 23 per cent more than present recoverable gas reserves. However, the report says that if the Norwegian Government agrees to allow its gas from Statfjord Field and nearby gas fields to be fed into the British system, the amount of new reserves could rise to nearer 20 trillion cu ft.

Energy ministers are pleased that the report confirms there is sufficient gas in the UK sector to justify the construction of a gathering system without Norwegian gas. However, in Whitehall it is hoped that the Norwegians will agree to a joint project.

Provision for this is made in at least one of the options to be put forward by the British Gas/Mobil study team.

If British Gas is allowed to buy Norwegian gas it will probably have to pay about 25p a therm—a crude oil related price. This is about double the price the Gas Corporation is expected to pay for UK-produced natural gas and almost 10 times the rate being paid for some supplies from the southern part of the North Sea.

Syndicate lends £60m to Burmah

By Robert Cottrell

A £60M loan to Burmah Oil will enable the group to repay secured loans, freeing it of restrictive clauses governing its earnings and gearing, and eliminating charges on group assets.

The new loan, from a syndicate led by Barclays Bank, will be used in part to repay the $70m outstanding balance of a $100m loan to the group from the Orion Bank, which was guaranteed by the Bank of England in November 1976. The loan was secured on certain assets according to a book value which is now exceeded seven to eight times by their real worth, says Burmah.

The Orion loan also carried certain undisclosed clauses related to Burmah's gearing which were "tailored to Burmah's situation then, and left us hemmed in," says the company. The new loan is on "normal commercial terms."

The new seven-year unsecured loan comprises a £42m term element and an £18m revolving element. It is believed to carry an interest rate of ¾ per cent over London inter-bank offered rate, rising later to ⅞ per cent. This compares with 1⅞ per cent payable on the previous borrowings.

In addition to Barclays, which is providing £20m, the syndicate comprises Bank of America; Citibank; Morgan Guaranty Trust; and the Royal Bank of Canada, each contributing £10m.

The $100m loan was guaranteed by the Bank of England in 1976, and would have fallen due in 1981. The only other tie now binding the group to the Bank is a £60m stand-by credit facility made availble inl 974 and falling due in 1982. Burmah has so far run down £19m of the facility.

In September last year, Burmah marked its continuing recovery by paying its first dividend in five years, on interim profits of £20.2m. When Burmah unveils full-year figures next month, gearing is likely to be below last year's 48 : 52 debt-equity ratio.

Steel unions discuss mediation

BY CHRISTIAN TYLER, LABOUR EDITOR

THE POSSIBILITY of mediation in the nine-week steel strike was discussed last night by leaders of all 13 unions recognised by the British Steel Corporation.

Mr. James Callaghan, Leader of the Opposition, who floated the idea in last week's censure debate, yesterday developed it with Mr. Bill Sirs, general secretary of the Iron and Steels Trades Confederation. He was accompanied by Mr. Michael Foot, Deputy Leader.

General secretaries and national officials of the unions then convened at TUC headquarters to discuss this political initiative.

A delegate conference of the unions has been fixed for today. It may be asked to approve any scheme worked out by the union leaders last night.

The Congress House gathering was believed to be exploring the merits of some kind of third party intervention that would meet the strike leader's objections to the formal and binding arbitration BSC wants.

Mediation is a less formal process. A mediator — or a tribunal of three—can put forward solutions to reconcile the parties.

This is something that the Advisory, Conciliation and Arbitration Service does not do, and the strike leaders have repeatedly voiced their feeling that ACAS cannot help.

With arbitration, the two sides normaly agree in advance to be bound by the findings.

Other steel strike news, Page 12

Mugabe

Continued from Page 1

laration of the election result yesterday morning Lord Soames had called on Mr. Mugabe to form the new Government.

Despite his party's large majority, Mr. Mugabe told the Press, he would invte Mr. Nkomo, whom he met later in the day, to join him.

In his evening broadcast he made it clear that his Cabinet could also include one or two white members. It was not clear, however, whether he would draw these from the Rhodesian Front, which holds all 20 white seats

Mr. Nkomo welcomed the election result yesterday, and like Mr. Mugabe emphasised the need for reconciliation. He indicated that he would accept a post in Mr. Mugabe's Government.

Government House would not be drawn last night on Mr. Mugabe's renewed appeal for Lord Soames to remain in Rhodesia for between one and three months to act as guarantor of a smooth transition to full independence.

The process of forming a Government could last at least two weeks, and Mr. Nicholas Fenn, the Governor's spokesman, said that while it would be a "constitutional incongruity" for Lord Soames to stay on after independence, the Governor and his staff were not "in any tearing rush" to leave.

Receiver for British Cargo Airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A RECEIVER and manager has been appointed to British Cargo Airlines, Western Europe's biggest independent all-cargo airline, by the National Westminster Bank, at the airline's request.

British Cargo Airlines, which has a fleet of seven CL-44 turboprops and six DC-8 jets, was formed last year by the merger of IAS Cargo Airlines and Transmeridian Air Cargo.

Earlier this year, it announced that in the first six months of the current financial year, to end-September, 1979, it had lost £805,000. It has been progressively laying off staff, and selling some of its older CL-44 aircraft. The latest redundancies, 94 staff, were announced only last Friday.

The airline said yesterday the decision to seek a receiver and manager had become necessary because of rising fuel costs, severe price competition resulting in under-utilisation of aircraft, and a decline in world trade. The receiver is Mr. Alfred Davis, of Stoy Hayward and Co.

It was not clear yesterday whether the airline will continue flying, although it is understood that some aircraft were airborne fulfilling outstanding contracts. The receiver is making a detailed feasibility study of the business.

The airline said the directors had hoped that unprofitability which developed last year and subsequently increased would have stabilised and, as a result of the economies which had been made, an improvement would have been discernible.

"However, there is no evidence of an up-turn in trade and rate competitiveness is still severe.

"As a consequence the directors feel that, in the absence of the cash resources needed to see the company through this period, the best interests of the creditors and shareholders will be served by an orderly run-down of the company's affairs.

"It is hoped that the directors' speedy action in connection with the present situation will enable a reconstruction to be effected when asset realisations have been achieved."

The principal shareholders in British Cargo Airlines include Trafalgar House.

Decline of small cargo airlines, Page 8

Weather

UK TODAY

REMAINING dry with rain likely to spread from West later.

London, S.E., S. England, Anglia, E. Midlands

Dry, sunny at first, cloudy later. Max. 8C (46F).

N.E., E. England, W. Midlands, Channel Ils., Orkney, Shetland

Cloudy. Rain later. Max. 7C (45F).

S.W., N.W. England, Wales, Lakes, N.W., S. Scotland, N. Ireland

Mainly cloudy. Rain later. Max. 9C (48F).

Borders, W., N.E. Scotland

Bright at first. Rain later. Max. 7C (45F).

Outlook: Rain in most parts. Some bright spells.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	Lisbon	C	12	54
Algiers	S	21	70	Locarno	S	9	48
Amsdm.	C	6	43	London	S	8	46
Athens	C	17	63	Luxmbg.	C	3	37
Bahrain	S	16	61	Luxor	S	22	72
Barclna.	C	12	54	Madrid	F	12	54
Beirut	S	15	59	Majorca	C	14	57
Belfast	C	8	46	Malaga	C	14	57
Belgrd.	F	2	36	Malta	S	21	70
Berlin	C	1	34	M'chstr	F	7	45
Biarritz	C	10	50	Melbne.	C	28	82
Bmghm	C	8	46	Milan	S	10	50
Blackpl.	C	5	41	Mntreal.	S	1	34
Bordx.	S	7	45	Moscow	Sn	−2	28
Boulgn.	F	6	43	Munich	S	0	32
Bristol	S	8	46	Nairobi	S	23	74
Brussels	C	5	41	Naples	S	15	59
Budpst	S	2	36	Nwcstl	F	7	45
B. Aires	C	27	80	N York	S	6	43
Cairo	S	20	68	Nice	C	13	55
Cardiff	S	8	46	Nicosia	C	16	61
Cas'b'ca	C	15	59	Oporto	C	12	54
Cape T.	S	25	77	Oslo	F	0	32
Chicago	C	5	41	Paris	S	6	43
Cologne	R	3	37	Perth	S	28	82
Cpnhgn.	S	1	34	Prague	S	0	32
Corfu	C	16	61	Reykjvk.	C	2	36
Dublin	C	9	48	Rhodes	C	16	61
Dbrvnk.	S	9	48	Rio J'o	S	32	90
Ednbgh.	C	7	45	Rome	S	16	61
Faro	S	16	61	Salzbrg.	Sn	0	32
Florence	F	14	57	Singspr	S	29	85
Frankft.	C	4	39	Stckhm.	S	−5	23
Funchal	S	17	63	Strasbg.	S	5	41
Geneva	S	4	39	Sydney	S	29	84
Gibrltr	S	16	61	Tangier	S	16	61
Glasgow	C	7	45	Tehran	S	8	46
G'rnsey	S	6	43	Tenerife	S	17	63
Helsinki	S	−5	23	Tokyo	C	11	52
H Kong	S	23	73	Toronto	C	−2	28
Innsbrk.	S	4	39	Tunis	S	20	68
Invrnss.	F	8	46	Valencia	R	13	55
I o Man	C	8	46	Venice	S	9	48
Istanbul	R	1	34	Vienna	S	1	34
Jersey	S	5	41	Warsaw	C	−2	28
Jo'burg	S	23	73	Zurich	S	4	39
L. Plms.	S	18	64				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

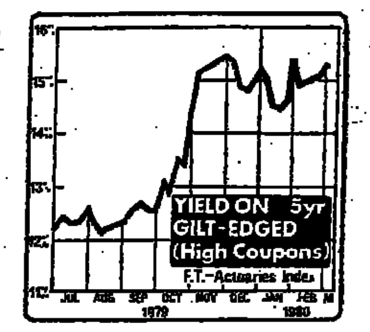
Profits plateau at Unilever

With U.S. prime rates still rising—at 17¾ per cent they are now a *whisker above* the UK clearing banks' base rates—the dollar was in strong demand yesterday. Not even an intensification of the London money market squeeze, with one month rates rising to 19 per cent, could prevent another fall in sterling, although there was little change in the pound measured against the continental currencies. Considering that the Bundesbank was intervening heavily in support of the mark, this does not suggest any alarming selling pressure on sterling.

The Bank of England is still struggling to return the money market to an even keel. Yesterday the discount market was offered a £¾bn sale and repurchase of bills over the banking March make-up day, and the clearing banks must be in line for another dose of assistance.

One way for the authorities to help the discount market would be to make very large loans at Minimum Lending Rate for a week or more. This was traditionally a signal that rates were not to fall, now, with MLR well below market rates, it would represent cheap money and should have the opposite effect.

Index fell 7.4 to 456.1



Unilever

Unilever's sales momentum held up into the last quarter of 1979, but margins came under increasing pressure and operating profits rose by only 2 per cent to £154m. This figure shows the usual seasonal fall from the third quarter's £174m: pre-tax the decline was more pronounced, from £181m to £135m, as non-recurring items—the disposal of Macmarkets, especially—were positive in the third quarter, while the fourth bore heavy rationalisation costs. At end-1978 exchange rates, Unilever's pre-tax profits rose 5 per cent on the year, to £639m, but after an adjustment to 1979 closing levels there is a 1 per cent fall to £605m.

The group claims volume gains of 3½ per cent in 1979, but this figure is inflated by the National Starch acquisition, and the underlying increase is probably no more than 2½ per cent. This year even this looks unlikely, and, exchange rate movements apart, it may be difficult to improve on 1979 earnings. National Starch and Liptons are going well in North America, but Lever Brothers is still a long way from profit; Nigeria is still likely to be a difficult market, and competition in the edible oils business is intense against a background of falling oilseed prices. The mild winter may prevent Unilever from matching last year's profits in animal feed and frozen foods, and the interest charge will rise.

But the share price already takes the dull prospects well into account. After a high of 645p last year (stripping out the exceptional dividend) Unilever Ltd. traded at 434p yesterday, down 8p, where the p/e on a full tax charge is only 5 and the yield a solid 8 per cent.

Trusthouse Forte

Trusthouse Forte's balance sheet helps to explain its confidence about further profits growth this year. With net worth of £347m, loans of £190m and net cash of £59m, the group is in a position to make significant acquisitions — and one could be coming within the next few weeks if negotiations to buy the Dobbs House catering and restaurant business from Squibb Corporation are completed on schedule. This U.S. company could cost something like £40m, and would be likely to make a contribution to earnings net of finance costs in year one.

On its existing business, THF has had a comparatively quiet winter with its UK hotels, but its forward bookings point to a marked improvement during the summer season both in London and the provinces. The inflow of U.S. tourists is expected to recover from last year's depressed level—though not all the way back to the 1978 figure—and there should be useful increases in the numbers coming from Scandinavia, Germany and, in particular, Japan. With the catering business also doing well, profits this year should again be up in real terms—and the only complaint is the absence of any giude to the current cost figures. The dividend is covered 2¼ times by the historic cost figures, and the shares yield 8.8 per cent at 167p.

Grindlays

Speculation about a restructuring of the Grindlays Bank Group will be reduced although not eliminated by the announcement of the Grindlays Board's intention to refinance through market loans the £26m of sterling and dollar loan capital provided through Lloyds in 1975. This capital is due for repayment in December this year.

Clearly Grindlays is now in a much stronger position to tap normal market sources than it was in the dark days of 1975. All the same, the complex involvement of Lloyds, Citibank and public minority shareholders of Grindlays Holdings in the Grindlays Bank set-up is no more rational now than it was then. And the arrival on the scene of the Kuwaiti trading house Mass Development, which has picked up 10 per cent of Holdings "as an investment," has given the pot another stir.

Meantime, the results for 1979 are unexciting, with the Bank's pre-tax profits down from £38.1m to £37.3m even though specific provisions are £4.1m lower at £1.6m (thanks to the recovery of several million pounds from a nine-year-old Argentinian loan). Euroloan margins have been squeezed and there are currently losses, while the tax charge is higher. The yield at 138p may be only 4.7 per cent, but the p/e is a modest 5 times.

Burmah Oil

After a little over five years Burmah Oil has wriggled free of the protective umbrella of the Bank of England, with the early repayment of $70m of syndicated borrowings guaranteed by the Bank. It has now fixed up a seven-year unsecured facility of £60m with a syndicate led by Barclays. This frees assets which were charged under the old Bank of England guarantee, and Burmah is likely to save a full point of interest through the refinancing. The Bank, for instance, loses its ¼ per cent guarantee fee; but it will be content with the thought that the BP shares it bought from Burmah for £179m are now worth over £1.2bn.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.